

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY

PTB. 187
1000



**REPORT
OF THE
INDIAN TARIFF BOARD
ON THE CONTINUANCE OF PROTECTION TO THE
ARTIFICIAL SILK AND COTTON AND
ARTIFICIAL SILK MIXED FABRICS INDUSTRY**

BOMBAY
1951

PRINTED IN INDIA FOR THE MANAGER, GOVERNMENT OF INDIA PUBLICATION
BRANCH, DELHI BY THE MANAGER GOVT. OF INDIA PHOTO-LITHO PRESS, NEW DELHI.

PERSONNEL OF THE BOARD

Dr. H. L. DEY, D.Sc. (Lond.) *President.*

Dr. B. V. NARAYANASWAMY NAIDU,
M.A., Ph.D., B.Com., Bar-at-Law..... *Member.*

Mr. B. N. ADARKAR, M.A. (Cantab.) *Member.*

Mr. M. A. MULKY, M.Sc.(Econ.), London..... *Secretary.*

PERSONNEL OF THE PANEL WHICH INQUIRED INTO THE CASE

Dr. H. L. DEY, D.Sc. (Lond.) *President.*

Dr. B.V. NARAYANASWAMY NAIDU,
M.A., Ph.D., B.Com., Bar-at-Law..... *Member.*



TABLE OF CONTENTS

Paragraph		Page
1. Terms of reference	...	1
2. Scope of the inquiry	...	1
3. Method of inquiry	...	2
4. History of Tariff protection	...	3
5. Previous Tariff inquiry and Board's recommendations	...	4
6. How far the previous Tariff Board's recommendations have been implemented	...	5
7. Present condition of the industry	...	6
8. Raw materials and consumable stores	...	8
9. Domestic demand	...	15
10. Domestic production	...	15
11. Quality of the indigenous products	...	16
12. Imports and import control policy	...	17
13. Exports and export control policy	...	17
14. Existing rates of duty	...	18
15. C.i.f. prices and landed costs	...	23
16. Board's estimate of costs of production and fair selling prices	...	24
17. Comparison of landed costs and fair selling prices	...	27
18. Measure of protection	...	28
19. Other assistance asked for by the industry and the Board's recommendations	...	28
20. Other recommendations	...	34
21. Watch to be maintained over the progress of the industry	...	34
22. Summary of conclusions and recommendations	...	34
23. Acknowledgements	...	38

APPENDICES

	Page
I. Government of India, Ministry of Commerce Resolution No. 30-T(1)/48, dated 6th August, 1948.	39
II. List of firms or bodies to whom the Board's special questionnaires were issued indi- cating those who replied or submitted memo- randa.	41
III. List of persons who attended the Board's public inquiry on 4th January, 1951.	46
IV. Statement showing the increase in the mem- bership of the Silk and Art Silk Mills' Association, Bombay, and in the number of looms utilized by them in the manufacture of artificial silk fabrics since 1946.	48
V. Statement showing the profits made by 25 typical mills manufacturing artificial silk fabrics who are members of the Silk and Art Silk Mills' Association, Bombay.	49
VI. Statement showing the losses suffered by 23 mills manufacturing artificial silk fabrics, who are members of the Silk and Art Silk Mills' Association, Bombay.	50
VII. Statement showing the distribution of handlooms producing artificial silk and cotton and artificial silk mixed fabrics in the different States.	51
VIII. Statement showing import control policy in respect of artificial silk yarn.	52
IX. Statement showing the requirements of arti- ficial silk yarn for the manufacture of a piece of 25 yards of different varieties of artificial silk fabrics.	53
X. Statement showing comparative prices of artificial silk yarn in the period July- December 1950 and in January, 1951.	54
XI. Statement showing the incidence of cus- toms duty on the original cost as a result of the Customs Authorities collecting the duty on the market value of artificial silk yarn.	55
XII. Statement showing the representative types of artificial silk fabrics manufactured in the country.	56

XIII. Statement showing statistics of quantity and value of imports of the different types of artificial silk fabrics.	58
XIV. Statement showing the quantity and value of imports of artificial silk yarn.	59
XV. Statement showing the import control policy in respect of different types of artificial silk fabrics.	60
XVI. Statement showing the quantity and value of artificial silk piece-goods exported to the different countries since 1947-48.	62
XVII. Statement showing the break-down of landed costs into c.i.f. prices, customs duty and clearing charges, and selling prices per yard of different types of artificial silk fabrics.	63
XVIII. Statement showing future costs of production and fair selling prices per yard of artificial silk fabrics from 1st January, 1951.	65



सत्यमेव जयते

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY

NEW DELHI, the 20th April, 1951.

RESOLUTION

(Tariffs)

No. 36(1)-T.B./51.- Protection was granted to the artificial silk, and cotton and artificial silk mixed fabrics industry up to the 31st March 1951. The Tariff Board has examined the question of continuance of protection to this industry after that date and has submitted its report. Its recommendations are as follows:-

- (i) The existing rates of duty on artificial silk fabrics should be continued for a period of two years with effect from 1st April, 1951.
- (ii) The present system of issuing licences for imports of artificial silk yarn directly to the producing units or through their Associations should continue.
- (iii) Government should give facilities for the import of first and second quality yarn both to the importers and the manufacturers so that indigenous fabrics which would be produced may be of the same quality as the imported fabrics.
- (iv) Government should assist the industry in obtaining supplies of yarn by initiating negotiations for this purpose through their Trade Commissioners abroad with the Governments of foreign countries.
- (v) No reduction in the customs duty on artificial silk yarn is recommended.
- (vi) The question of assessing the customs duty on the c.i.f. or the invoice value of the yarn instead of on its market value should be reviewed by Government.

- (vii) Government should extend to the rayon mills all possible assistance to obtain their requirements of raw materials from foreign countries.
- (viii) The Council of Scientific and Industrial Research, the Indian Forest Research Institute and other Government sponsored Research institutions should assist the industry in exploring the possibilities of production of the raw materials required by the indigenous artificial silk yarn industry, such as pulp and suitable type of caustic soda in the country on a commercial scale.
- (ix) Reduction in the import duty on raw materials and machinery is neither necessary nor practicable.
- (x) Government should continue to give necessary assistance to the industry for importing modern machinery and equipment.
- (xi) The industry should be given facilities to expand its exports to the neighbouring countries, especially Burma, Ceylon, Indonesia, the Middle East and Far Eastern countries, East Africa, etc., through the Government of India Trade Commissioners abroad.
- (xii) Government should review the request of the industry for the refund of the full customs duty paid on the imported yarn used in the exported artificial silk fabrics.
- (xiii) The industry should standardize the qualities and types of artificial silk fabrics and approach the Indian Standards Institution for assistance in this matter.
- (xiv) The industry should form an All India organization comprising all the units and Associations in the country which will enable the manufacturers to co-ordinate their efforts and look after their common interests in their negotiations with

Government as well as with the manufacturers of artificial silk yarn and fabrics in other countries.

(xv) The organization should also collect statistical data regarding production, imports and other aspects of the artificial silk industry and suggest necessary co-ordinated action to meet the difficulties experienced by the different manufacturing units.

(xvi) The State Governments concerned should encourage the organization of the small units on co-operative lines for the production and marketing of their products and for obtaining their supplies of raw materials.

(xvii) The Artificial Silk Mills Associations and the State Governments concerned should furnish annual progress reports to the Board by 31st January of every year, giving information regarding production, sales, stocks, cost of production and selling prices. Such reports should also include information regarding the supply of raw materials, the landed costs and selling prices of the imported products and any other factors that may have a bearing on the competitive position of the industry.

2. With regard to (i) Government accept the recommendation and are taking steps to implement it.

3. Recommendation (vi) is opposed to the provisions of the Customs Law and cannot, therefore, be accepted.

4. As regards recommendation (viii), Government have ascertained that arrangements for the setting up of a plant for the production of caustic soda suitable for rayon manufacture are being made by a certain firm. Production is expected to commence by the end of this year and to be adequate to meet the requirements of the rayon projects at

Travancore and Bombay. As regards pulp, the matter is under examination.

5. With regard to recommendation (xii), a rebate of the entire customs duty paid on imported yarn used in artificial silk fabrics exported out of the country could be secured if factories manufacture under customs bonded arrangements. The question as to the rebate that could be granted on exports otherwise than from bonded factories is under examination.

6. Government accept, in principle, the other recommendations and will give effect to them to the extent possible.

7. The attention of the industry is invited to recommendations (xiii), (xiv), (xv) and (xvii).

S. BHoothalingam,
Joint Secretary to the Government of India.



REPORT ON THE CONTINUANCE OF PROTECTION TO THE
ARTIFICIAL SILK AND COTTON AND ARTIFICIAL SILK
MIXED FABRICS INDUSTRY

1. The protection granted to the Artificial Silk, and terms of Cotton and Artificial Silk Mixed Fabrics industry reference, by the Government of India, Ministry of Commerce Resolution No. 36(2)-T.B./49, dated 18th April, 1949, is due to expire on 31st March, 1951. The Board has, therefore, to examine the question of continuance of protection to this industry after this date in accordance with paragraph 2 of the Government of India, Ministry of Commerce Resolution No. 30-T(1)/48, dated 6th August, 1948 (vide Appendix I).

2. At the previous tariff inquiry in December, 1948, scope of the the scope of the inquiry was confined to item inquiry. Nos. 48(1), 48(4), 48(5) and 48(7) of the Indian Customs Tariff (29th Issue), which are reproduced below:-

No. 48(1) : Fabrics, not otherwise specified, containing more than 90 per cent. of artificial silk.

No. 48(4) : Fabrics, not otherwise specified, containing more than 10 per cent. and not more than 90 per cent. silk

(a) containing more than 50 per cent. of silk or artificial silk or of both;

(b) containing not more than 50 per cent. of silk or artificial silk or of both

(i) containing more than 10 per cent. artificial silk;

(ii) containing no artificial silk or not more than 10 per cent. artificial silk.

No. 48(5) : Fabrics, not otherwise specified, containing not more than 10 per cent. silk but more than 10 per cent. and not more than 90 per cent. artificial silk

(a) containing 50 per cent. or more cotton;

(b) containing no cotton or less than 50 per cent. cotton.

No. 48(7) : Fabrics, not otherwise specified, containing not more than 10 per cent. silk or 10 per cent. artificial silk or 10 per cent. wool but containing more than 50 per cent. cotton and not more than 90 per cent. cotton.

We have examined the matter afresh and decided that the present inquiry also should cover the same items as were included in the scope of the previous inquiry.

3. (a) On 16th August, 1950, the Board issued special Method of questionnaires to producers, importers, Associations and Chambers of Commerce, Directors of Industries of the States of Bombay and West Bengal asking them to furnish information on the progress made by the industry since the Board's previous inquiry in December, 1948. The Collectors of Customs were requested to furnish information regarding the c.i.f. prices. The importers were also asked to send the latest figures of c.i.f. and selling prices of comparable imported products. The Board also issued a special questionnaire on 16th August, 1950, to three firms, known to be intending to produce artificial silk yarn, asking them to furnish information on the progress made by them in the production of this material. Letters were, also, issued to the Chief Controllers of Imports and Exports respectively for information regarding the import and export control policy in respect of artificial silk yarn, and artificial silk and cotton and artificial silk mixed fabrics.

(b) On 17th October, 1950, the Board issued a press communiqué intimating that the protection granted to the artificial silk, and cotton and artificial silk mixed fabrics industry would expire on 31st March, 1951, and requesting persons or Associations desiring to express their views regarding continuance of protection to the industry to send their representations or memoranda to the Board for consideration.

(c) On receipt of replies from different parties, the Board decided to hold a public inquiry to examine the claim of the industry for continuance of protection beyond 31st March, 1951. In order, therefore, to obtain further information on this industry the Board, on 18th December, 1950, issued special questionnaires to the Associations of producers and to some of the importers. The Collectors of Customs at Bombay, Madras and Calcutta were requested to give the latest c.i.f. prices of the imported artificial silk fabrics and artificial silk yarn. Special questionnaires were, also, issued to the D.G.I. & S. and the Central Silk Board to furnish information on the progress made by the industry. A list of the firms or bodies to whom the Board's special questionnaires were issued indicating those who replied or submitted memoranda, is given in Appendix II.

(d) Dr. B.V. Narayanaswamy Naidu, Member of the Board, visited the factory of Jasmine Mills, Bombay, on 3rd January, 1951, and discussed with the management the various difficulties faced by the industry.

(e) Shri R. Sundaram, Cost Accounts Officer attached to the Board, examined the cost of production of artificial silk fabrics of the following three factories on the dates shown against each:-

- (1) Bipin Silk Mills, 23rd and 24th December, 1950.
Bombay.
- (2) Jasmine Mills, 22nd and 26th December, 1950.
Bombay.
- (3) Cadell Weaving Mills, 27th December, 1950.
Bombay.

A special questionnaire was issued on 8th December, 1950, to the following three factories in Calcutta asking them to furnish details of their cost of production of artificial silk fabrics:-

- (1) Bengal Silk Mills,
- (2) Calcutta Silk Mfg. Co., and
- (3) Pravati Textile Mills.

(f) A public inquiry was held on 4th January, 1951, in the Board's office in Bombay. A list of persons who attended the inquiry is given in Appendix III.

4. The artificial silk, and cotton and artificial silk History of mixed fabrics industry was first granted protection in 1934 as a result of the recommendations Tariff Protection made by the Tariff Board in its Report on the Cotton Textile industry, dated 10th November, 1932. The Board was then primarily concerned with the question of the necessity or otherwise of granting protection to the cotton textile industry but it was found during the course of its investigation that the indigenous cotton textile industry was affected not only by competition from the imported cotton textile fabrics but also by competition from the artificial silk fabrics which competed mostly with coloured cotton piece-goods of Indian manufacture. The Board came to the conclusion that in terms of cloth area one pound of artificial silk fabrics would be equal to three pounds of coloured cotton fabrics and that, therefore, the duty on artificial silk fabrics should be over three times the duty on coloured cotton piece-goods. On this basis, the Board recommended that the protective duty on artificial silk fabrics should be Rs. 1-8-0 per pound or 50 per cent. *ad valorem*, whichever was higher. Government accepted this recommendation and in 1934, as part of the scheme of protection to the cotton textile industry, levied protective duties on imports of artificial silk fabrics. There was, at the time of the Tariff Board inquiry in 1932, no artificial silk fabrics industry in the country. However, under the stimulus of the protective duty on imported

artificial silk fabrics, many factories were established to manufacture artificial silk fabrics and the industry made considerable progress and within 15 years grew into an important branch of the indigenous textile industry.

5. The Tariff Board in its Report on the Cotton Textile Previous Tariff Manufacturing industry, dated 31st January, inquiry and 1947, recommended the discontinuance of protection to the artificial silk industry also when it recommended the withdrawal of protection to the cotton textile industry. Government, however, decided to continue protection to the artificial silk fabrics sector of the industry pending a detailed inquiry by the Board. Accordingly, in the Ministry of Commerce Resolution No. 134-T(19)/47, dated 10th April, 1948, Government referred to the Board for investigation, the claim of the artificial silk industry for further continuance of protection. The Resolution pointed out that protection to this industry which had been extended from time to time had been continued for a further period of one year from 1st April, 1948, by the Protective Duties Continuation Act, 1948. Towards the end of 1948, the Board examined in detail the claim of the artificial silk and cotton and artificial silk mixed fabrics industry for continuance of protection or assistance. In its Report on the Artificial Silk industry, dated 12th February, 1949, the Board made the following recommendations:-

- "(i) The present rates of duty on artificial silk and mixed fabrics should be continued for another two years, that is, until 31st March, 1951.
- (ii) There is no case for a reduction in the import duty on artificial silk yarn.
- (iii) All facilities which are normally extended to new industries should be given to Rayon mills which are being set up.
- (iv) Government should encourage export of artificial silk fabrics to Pakistan and other neighbouring countries, but there is no case for refund of duty on yarn which is contained in the exported fabrics.
- (v) Government should give facilities to the industry for importing first and second class quality yarn, so that the indigenous fabrics which will be produced may be of the same quality as the imported fabrics.
- (vi) Government should assist the industry in importing up-to-date machinery."

6. (a) Government of India, by the Ministry of Commerce Resolution No. 36(2)-TB/49, dated 18th April, 1949, accepted all the recommendations of the Board. The first recommendation was given effect to by extending the period of protection to the artificial silk fabrics industry up to 31st March, 1951.

(b) As regards the third recommendation of the Board, we have been informed that the manufacturers of artificial silk yarn have been given the necessary assistance in obtaining the machinery and equipment required by the industry. Three firms, i.e., the Travancore Rayons Ltd., Perambavoor (North Travancore), the National Rayon Corporation Ltd., Bombay, and Sirsilk Ltd., Hyderabad (Deccan), intend to produce artificial silk yarn in the country and they have already set up their factories for producing the material. Of these three factories, only one, the Travancore Rayons Ltd., has commenced production since July, 1950, and its production during the last 6 months has been at the rate of 6,000 to 8,000 pounds of yarn per day. This factory expects to produce upto its rated capacity of 40,00,000 pounds per annum during the course of 1951. The producers have, however, pointed out that owing to the difficulty of getting supplies of essential raw materials, such as pulp and caustic soda from foreign countries, the production of yarn has been considerably hampered. For this reason the National Rayon Corporation and the Sirsilk Ltd. have not yet been able to commence production. In this connection, the artificial silk fabrics industry has pointed out that, even assuming that all the three factories will come into full production within the next 9 months, their total production will not be sufficient to meet even 25 per cent. of the total requirements of the industry and that, therefore, over 75 per cent. of the yarn required by it will have to be imported.

(c) As regards recommendation (iv), viz., the grant for facilities for export, Government have given, with effect from June, 1950, a refund of import duty at the rate of 12 annas per pound of yarn used in the exported fabrics. The industry has, however, stated that this assistance has not been of any material value in facilitating the export of fabrics, because the refund comes to less than half the amount of the import duty that is levied and also because of the non-availability and the higher costs of the raw material.

(d) In recommendation (v), the Board had suggested that facilities should be given to the industry for the import of first and second class quality yarn. The industry has stated that Government has given effect to this recommendation and that the artificial silk yarn imported by the

manufacturers is mostly of the first and second quality and, to some extent, of the third quality, but not of the fourth quality. It has been further pointed out that the import of such superior quality yarn has been facilitated by the action of Government in giving import licences to the industry as a whole, which are distributed to the individual units through their respective Associations. The industry has, however, pointed out that Government have not been allowing sufficient imports of the required types of yarn and that there has been considerable delay in granting import licences, with the result that the mills have not been able to work to their full capacity and thereby reduce their overhead costs.

(e) As regards recommendation (vi), for assisting the industry in importing up-to-date machinery, the industry has stated that Government have given necessary facilities for importing such machinery, but that on account of scarcity of the raw material, viz., artificial silk yarn the units have been hesitating to expand their capacity.

7. (a) The artificial silk industry is organized on the present condition same basis as the indigenous cotton textile of the industry. Artificial silk fabrics are manufactured in mills as well as by powerlooms and handlooms in different parts of the country. The industry is highly concentrated in the Bombay State and, to a lesser extent, in the States of West Bengal and East Punjab. The important centres of production are Bombay, Calcutta, Ahmedabad, Surat and Amritsar. There are, however, a number of small units located in other parts of the country.

(b) The organized units of the industry in the State of Bombay, West Bengal and East Punjab have formed regional Associations to represent their interests. The interests of the manufacturers in the Bombay State are represented by the Silk and Art-Silk Mills' Association Ltd., Bombay, and that of the manufacturers in West Bengal by the Bengal Silk and Art-Silk Mill-Owners' Association, Calcutta. We have been informed that there is an Association called the Textile Manufacturers' Association Ltd. in Amritsar representing the manufacturers in the East Punjab area.

(c) The Association in Bombay claims to have a membership of 287 mills engaged in the production of artificial silk fabrics. A statement showing the increase in the membership of the Association and in the number of looms utilized by them in the manufacture of artificial silk fabrics since 1946 is given in Appendix IV. It will be seen from this statement that the number of members of the Association has increased from 26 in 1946 to 287 in 1950 while the number of looms in their mills has risen from

3,341 in 1946 to 19,954 in 1950. It is claimed that the increase in the number of looms represents an increase of 129.9 per cent. in December, 1950, over that in March, 1948. The Association has also stated that though some of the mills made profits, many of them suffered losses due to their inability to work to full capacity resulting from inadequate supplies of yarn and also on account of rising costs. In support of this, they have furnished us with two statements showing the profits made by 25 typical mills (vide Appendix V) and the losses suffered by 23 other mills (vide Appendix VI) during the year 1949. As regards the financial position of the mills in 1950, the Association has stated that it was even worse than in 1949 because of the acute shortage of yarn.

(d) We have been informed by the Director of Industries to the Government of Bombay, that besides the 287 mills which are members of the Association in Bombay, there are many small units in the Bombay State who are not members of the Association. He has also pointed out that these units work on power-looms and hand-looms manufacturing artificial silk fabrics in the State.

(e) The Bengal Silk & Art-Silk Mill-Owners' Association, Calcutta, has a membership of 9 mills. It is stated that these 9 mills together possess a total of 755 looms for manufacturing artificial silk fabrics.

(f) As regards the mills in Amritsar and other parts of East Punjab, we have been informed by the Director General of Industries and Supplies that there are 68 mills, who are members of the Association in Amritsar, with a total of 1,879 looms distributed amongst them.

(g) Apart from the member mills of the Associations, mentioned above, there are in different parts of the country, as already pointed out, many more units manufacturing artificial silk fabrics. The Director General of Industries and Supplies has informed us that the total number of looms possessed by such units is about 3,213.

(h) Due to the lack of precise and adequate data, it is difficult to form a reliable estimate of the total number of handlooms manufacturing artificial silk fabrics in the country. The difficulty in ascertaining the number of handlooms manufacturing these fabrics arises from the fact that they can also be used to manufacture silk fabrics or cotton textiles according to the necessities of the situation. The Director General of Industries and Supplies has estimated that there are 1,37,049 handlooms in the country producing artificial silk and cotton and artificial silk mixed fabrics. The distribution of these handlooms in the different States is given in Appendix VII. At the public inquiry, we discussed in detail the different estimates of handlooms which

could be taken as being used for the production of artificial silk fabrics and it was agreed that 75,000 handlooms could be considered to be exclusively manufacturing such fabrics.

(i) Most of the mills producing artificial silk fabrics have less than 100 looms each. Such mills generally work on double shifts. Some mills carry on weaving and finishing processes such as bleaching, dyeing and printing in the same premises. Other mills limit their activities to weaving alone and arrange for the finishing processes to be carried out on a contract basis by others who are located close to the mills. We have also been informed that some of the mills also manufacture other articles such as cotton, woollen and rayon hosiery besides woollen and cotton piece-goods along with artificial silk fabrics. In order to stimulate production, some mills in Bombay have introduced a system of paying efficiency bonus in the weaving and the finishing departments. There is also a system in these mills for the payment of annual bonus up to two months' wages on a sliding scale depending upon the length of service put in by the workers.

(j) No reliable information is available regarding the capital invested and labour employed in the industry. It has been, however, estimated by some observers that about Rs. 15 crores have been invested and that about 3,00,000 workers are employed in the industry.

8.(a) The most important raw material required by the Raw material and industry is artificial silk yarn. The consumable Stores sumable stores required are dyes, chemicals, textile ancillaries, etc.

(b) The industry is dependent on imports for its supply of artificial silk yarn which is obtained mostly from Italy, the U.K., Holland, Switzerland and Japan. Import of artificial silk yarn is, however, subject to import control. A statement showing the import control policy followed by Government in respect of artificial silk yarn is given in Appendix VIII. It will be seen from this statement that except for a short period in 1949 when artificial silk yarn was put under Open General Licence, imports of this material have been subject to considerable restrictions.

(c) At the previous tariff inquiry in 1948, it had been estimated that the indigenous industry consumed about 50 million pounds of yarn for the production of 300 million yards of piece-goods per annum. The industry has, however, pointed out that there has been considerable expansion in its manufacturing capacity since the last tariff inquiry and that, therefore, the previous estimate of 50 million pounds of yarn per annum should be revised and a fresh estimate made on the basis of the installed capacity of the

looms at present engaged in manufacturing these fabrics. Its representatives have, also, pointed out that the installed capacity is different from the rated capacity as the latter term refers to the looms actually used for the manufacture of the fabrics whereas the former term includes also looms which may not be fully utilized for production due to non-availability of yarn. The rated capacity of the looms will, it is further stated, depend upon whether they are working on a single or double shift and this will in turn depend upon the availability of yarn. Apart from the requirements of the artificial silk industry, we have also been informed that artificial silk yarn is used in knitting and hosiery, gas mantles, embroideries, imitation *jari* and in the manufacture of mixed artificial silk and cotton fabrics. The industry, therefore, has suggested that in ascertaining the requirements of yarn by the artificial silk industry, due allowance should be made for the demand of artificial silk yarn by the ancillary industries mentioned above.

(d) In order to estimate the requirements of yarn for the industry it is necessary to ascertain the number of looms used in the country for the manufacture of artificial silk fabrics, and the quantity of yarn required for these looms. These factors are discussed separately below.

(e) As already stated in the previous paragraph, the power looms belonging to the member mills of the Associations are, at present, distributed in the country as follows:-

	No. of mills	No. of looms
(i) Member mills of the Silk and Art Silk Mills' Association, Bombay.	287	19,954
(ii) Member mills of the Bengal Silk and Art-Silk Mill-Owners' Association, Calcutta.	9	755
(iii) Member mills of the Textile Manufacturers' Association Ltd., Amritsar.	68	1,879
Total	364	22,588

Besides this total of 22,588 looms, there are, as we have already stated, 3,213 looms installed in other mills in the country. The total number of powerlooms thus engaged in the manufacture of artificial silk fabrics would be about 25,801. To this must be added the number of handlooms and as already stated in the previous paragraph, it was agreed that 75,000 handlooms in the country could be considered as being exclusively engaged in the manufacture of artificial silk fabrics. As handlooms work at different speed from that of powerlooms, it is necessary to evaluate handlooms in terms of powerlooms.

The ratio at which such evaluation should be made was discussed in detail at the public inquiry. The industry considered that the handloom should be evaluated in terms of powerlooms in the ratio of 10:1 while the importers stated that the ratio should be 5:1. We were informed that in the case of cotton textiles the Textile Commissioner to the Government of India and the Director of Industries to the Government of Bombay evaluated handlooms in terms of powerlooms in the ratio of 3:1. We were also informed that the Director of Industries, Bombay adopted the ratio of 5:1 for evaluating handlooms in terms of powerlooms in the case of artificial silk fabrics. We have examined this matter carefully and decided to take the ratio of 5:1 for evaluating handlooms in terms of powerlooms in the case of the artificial silk industry. On this basis, we consider that 75,000 handlooms should be equated to 15,000 powerlooms. Thus, the number of powerlooms exclusively engaged in manufacturing artificial silk fabrics will be as follows:-

(i) Total number of looms possessed by member mills of the Associations.	22,588
(ii) Total number of looms possessed by non-member mills in the country.	3,213
(iii) 75,000 handlooms equated to powerlooms in the ratio of 5:1.	15,000
Total	<u>40,801</u>

(f) The quantity of yarn consumed by the looms also depends upon the quantity of artificial silk fabrics produced per loom and the type of yarn used. The Silk and Art Silk Mills' Association, Bombay, has furnished us with a statement showing the requirements of yarn for the manufacture of a piece of 25 yards of different varieties of artificial silk fabrics which is given in Appendix IX. It will be seen from this statement that the quantity of yarn required for the manufacture of different types of fabrics varies from 3 and $3\frac{1}{2}$ pounds for Shioze and light Voile respectively to 7 and 9 pounds for heavy Satin and Jacquard fabrics respectively. The type of yarn used varies from 75 to 150 counts. The industry considered that for the purpose of evaluating the quantity of yarn required for one loom on one shift basis, the average count of yarn could be taken as 120 and that on this basis the requirement of yarn per loom for manufacturing 25 yards of artificial silk fabrics would be 5 pounds. We have carefully examined this matter in consultation with Shri N. Srinivasan, Deputy Development Officer of the Directorate-General of Industries and Supplies, who was present at the inquiry. And we consider that the estimate given by the industry, viz. 5 pounds of yarn for the manufacture of a piece of 25 yards of the average type of fabric is reasonable.

(g) The quantity of yarn consumed and fabrics produced depends upon whether the looms work on more than one shift. We discussed this matter with the representatives of the industry and it was agreed that powerlooms could be taken as working on double shift and handlooms on single shift. On this basis, the consumption of yarn by a powerloom and handloom should be taken at 10 pounds and 5 pounds respectively, for producing 50 and 25 yards of art silk fabrics respectively.

(h) We have estimated above the number of looms, the quantity of yarn required and fabrics produced per loom. At the public inquiry it was agreed that due allowance should be made for the quantity of yarn consumed by the ancillary industries, such as the manufacturers of hosiery and knitted goods, gas mantles, embroideries, borders, lace trimmings, braids and imitation *jari*. The representatives of the artificial silk industry estimated that their requirements of yarn would be 97 million pounds per annum. On the other hand, Shri N. Srinivasan of Directorate-General of Industries and Supplies estimated that the industry would not require more than 75 million pounds of yarn per annum. He stated that this estimate included 5 million pounds of yarn consumed by the ancillary industries mentioned above. The representatives of the industry, however, considered that this estimate did not take sufficient account of the installed capacity of the looms and the expansion of the industry since the previous tariff inquiry. We have carefully considered the different aspects of this matter and on the basis of the number of looms, quantity of yarn required and fabrics produced per loom, and also after making due allowance for the requirements of the ancillary industries, we have come to the conclusion that 75 million pounds of all types of artificial silk yarn per annum would be sufficient to meet the requirements of the country for this material.

(i) The producers pointed out to us that they were experiencing considerable difficulty in obtaining supplies of yarn to work their looms to full capacity. These difficulties were stated to be:-

- (i) stock-piling of artificial silk yarn by several foreign countries since July, 1950, after the commencement of the Korean War, as a result of which producers of yarn abroad are not able to supply the requirements of the indigenous artificial silk industry;
- (ii) inadequate import quotas fixed by Government in connection with their import control policy for this material;

- (iii) considerable delay in the grant of import licences as a result of which looms have to remain idle for want of yarn supplies;
- (iv) speculation by producers of yarn abroad and by importers. It is stated that the limited imports allowed by Government at different periods are taken advantage of by the producers abroad who have formed a cartel and by the importers in this country to raise prices according to the quantity of yarn licensed for imports;
- (v) rising prices of imported yarn and consumable stores since July, 1950, on account of which the costs of production have increased as compared with the costs of producing these fabrics in foreign countries who have the advantage of indigenous supply of yarn. In support of this statement regarding increase in prices of yarn the Silk and Art Silk Mills' Association, Bombay, has furnished figures of comparative prices in the period, July-December, 1950, and in January, 1951, which are given in Appendix X;
- (vi) assessment of customs duty on the market value of yarn as a result of which the producers of artificial silk fabrics here have to pay different prices at different periods. The Silk and Art Silk Mills' Association, Bombay, has furnished a statement showing the comparative incidence of customs duty on the original cost as a result of the customs authorities collecting the duty on the market value of artificial silk yarn which is given in Appendix XI.

These difficulties will be examined separately in a subsequent paragraph.

- (j) In the previous Tariff Board Report, it had been pointed out that three rayon plants would be expected to go into production for the manufacture of first quality yarn. The three firms known to be interested in the manufacture of artificial silk yarn are the (i) Travancore Rayons Ltd., Perambavoor (North Travancore), (ii) National Rayon Corporation Ltd., Bombay, and (iii) Sirsilk Ltd., Hyderabad (Deccan).
- (i) Only the first-named firm has actually commenced production since July, 1950. Its annual rated capacity is 40,00,000 pounds of bright and semi-bright colours in 120/300 deniers. The spinning section comprises 26 machines of 130 spindles each, capable of producing about 11,000/12,000 pounds of yarn per day. The yarn is produced by the viscose

process and it is stated that the viscose yarn has been found eminently suitable for the handloom weavers in India. The plant has been imported from the U.K. The representative of the firm stated at the public inquiry that during the last six months they had been producing 6,000/8,000 pounds of yarn per day and that they expected to produce up to their rated capacity during the course of 1951. In their reply to the Board's questionnaire they have asked for the following assistance:-

- (1) essential raw materials required for the manufacture of yarn, such as pulp and caustic soda, should be allowed to be imported free of duty;
 - (2) free imports of essential machine parts and special rebate in customs duty; and
 - (3) complete freedom for importing the different kinds of chemicals required in small quantities, which are not generally obtainable in India, and on payment of a nominal rate of duty.
- (ii) The National Rayon Corporation, Bombay, has stated that it has purchased 30 spinning machines of 120 positions each which are being set up at their factory site. The Corporation has, also, a 10-ton daily capacity sulphuric acid plant as well as a 4 to 6-ton daily capacity carbon bi-sulphide plant, which were stated to be nearing completion. The annual rated capacity of the factory when it starts full production would be 56,00,000 pounds of rayon yarn per annum. Its future expansion plans include the addition of 8 more spinning machines for the installation of which necessary arrangements have been made. The Corporation proposes to manufacture 150 deniers yarn at present as shown below:-

	Target of production
1951 January - June	12,50,000 lbs.
1951 July - December	<u>25,00,000</u> "
Total for 1951	<u>37,50,000</u> "
1952 January - December	56,00,000 "

- (iii) The Sirsilk Ltd., Hyderabad (Deccan) has stated that it has received only 48.5 per cent. of the machinery required for the complete plant and that the balance is being manufactured in the U.K. and is expected to be received shortly. When the plant goes into production, it is expected to produce 5

tons of acetate yarn per day all of which will be made into fabrics on looms to be installed for the purpose in the factory.

(k) At the public inquiry, we discussed the problems of the rayon industry with the representatives of the Travancore Rayons and National Rayon Corporation who were present at the inquiry. They pointed out that the main handicap of the industry was the difficulty in importing raw materials, such as pulp, suitable type of caustic soda, etc. They stated that, as recommended by the Board in its previous Report, Government had given them assistance in setting up their factories but that due to a sudden change in the international position, great difficulty was being experienced at present in obtaining the raw materials required by them. They also stated that pulp, which was an important raw material, was not produced in the country as no pulp producing plant had been established here. Pulp was generally imported from the Scandinavian countries, Canada or the U.S.A. Supply of pulp was not available even from these countries due to the change in the international situation. They, therefore, suggested that Government should assist them in getting this and other raw materials through negotiations with foreign Governments. In view of the importance of the indigenous production of rayon for the artificial silk industry, this suggestion of the industry deserves sympathetic consideration and we recommend that Government should extend to the rayon mills all possible assistance to obtain their requirements of raw materials from foreign countries. We, however, feel that there is considerable scope for the indigenous production of raw materials of the required quality, such as pulp and suitable type of caustic soda, and we, therefore, recommend that the Council of Scientific and Industrial Research, the Indian Forest Research Institute and other Government-sponsored Research institutions should assist the industry in exploring the possibilities of production of such materials in the country on a commercial scale.

(l) With regard to the request of the producers for a reduction in the import duty on raw materials and machinery we do not consider that such action is necessary or practicable, but we may point out that in respect of imports of machinery, Government in the Ministry of Finance have issued a notification on 23rd October, 1948, generally reducing customs duty on imported machinery from 10 per cent. to 5 per cent. *ad valorem*. We, however, recommend that Government should give the rayon mills liberal import facilities for importing capital goods.

(m) As regards the quality of the indigenous yarn, we were informed by the representatives of the artificial silk

industry that it compared favourably with the imported product. The representatives of the Travancore Rayons stated that they were able to sell all the yarn they produced for which they were getting the same price as for the imported yarn.

9.(a) In the Beard's previous Report, the domestic demand had been estimated to be 300 million yards of all types of artificial silk fabrics per annum. It has been, however, pointed out by one producer, viz. Mehra Textile Mills, Amritsar, that the demand for these fabrics has gone down considerably during the last year due to the reduced buying capacity of the people. On the other hand, some competent observers of the industry have stated that, on account of the scarcity of fine quality cotton fabrics in the country and the increasing exports of cotton textiles to overseas markets, artificial silk fabrics supply the requirements of the middle and even poorer class people for fine fabrics at a price which compares favourably with fine and superfine cotton fabrics.

(b) At the public inquiry, we discussed this question of demand with the representatives of the industry. It was pointed out by them that artificial silk fabrics met to a larger extent than was known, the requirements of textile fabrics in the country by filling in to a large extent the gap between the production of cotton textiles and the demand for them. It was also stated that, due to the silky appearance of artificial silk fabrics, they were largely preferred by ladies, especially for sarees and blouses, to fine quality cotton textile fabrics as the price difference between them was negligible. The producers also maintained that 95 per cent. of the indigenous demand was for inferior qualities. In ascertaining the demand in the country for artificial silk fabrics, due allowance has to be made for exports outside the country. We have carefully examined the different estimates placed before us and have come to the conclusion that the entire indigenous production of artificial silk fabrics barring small exports is consumed in the country. On the basis of our estimate of the requirement of rayon yarn as given in paragraph 8(h) above, we estimate the present demand for artificial silk fabrics in the country at 350 million yards per annum. We also consider that, with a gradual increase in the level of incomes and a progressive rise in the standard of living, the demand for artificial silk fabrics will go up.

10. (a) We have been informed that due to stimulus offered by protection and import restriction, domestic production. the mills have imported up-to-date machinery and have taken to the manufacture of better

quality fabrics which would compare favourably with the imported material. It is also stated that improvements have been made in the technique of producing Georgettes, Satins, Oriental and Shioze and Khakho borders, Ninons and Jacquard goods. The producers have also started using screen and machine prints for Georgette, Ninons, Shioze, Satin and spun yarn fabrics. They claim that their printed fabrics are as good as the Japanese products imported in pre-war days. It was agreed at the public inquiry that practically all types of artificial silk fabrics could be manufactured in the country with the existing machinery and equipment provided the industry was supplied with adequate quantities of yarn of the requisite quality. A statement showing the representative types of artificial silk fabrics manufactured in this country is given in Appendix XII.

(b) In the previous tariff inquiry, the total indigenous production of artificial silk fabrics had been estimated to be about 50 million yards per annum. This production was stated to be inclusive of the production of factories as well as that of powerlooms and handlooms. At the public inquiry, we discussed with the representatives of the industry the present quantum of production of such fabrics. They pointed out, in this connection, that due to difficulty in obtaining regular supplies of yarn from abroad, labour unrest and other reasons, the manufacturers have not been able to produce up to their rated capacity and expand their production appreciably since the last tariff inquiry. It was, however, claimed that the industry had considerable productive capacity and that, in computing the quantum of production, due allowance should be made for this factor as production was governed to a large extent by the availability of yarn. We have examined the different estimates of production put before us, in consultation with Shri N. Srinivasan of the Directorate-General of Industries and Supplies, and we have come to the conclusion that, on the basis of our estimates of the number of looms, the quantity of yarn consumed and fabrics produced per loom as explained in paragraphs 7 and 8 above, the productive capacity of the indigenous industry may be taken to be about 375 million yards per annum.

11. The consensus of opinion at the public inquiry was that the quality of the indigenous products had improved considerably since the last tariff inquiry. The producers have pointed out that in some cases the indigenous fabrics were being passed off as imported stuff. The importers, however, considered the allegation was exaggerated and not based on facts. But they agreed that the indigenous

fabrics compared favourably with the imported material. Samples of representative types of indigenous and imported fabrics were furnished to us by the indigenous producers and importers, and they were forwarded to Shri S.K. Chaudhuri, Secretary, Central Silk Board, for his opinion. He has reported to the effect that the indigenous materials are as good as the imported articles. We agree with this view.

12.(a) *Imports:* Artificial silk fabrics are mostly imported from the U.K., Italy, Switzerland, Japan, the U.S.A., China and France. We have been informed by the importers that imports of artificial silk fabrics are generally confined to those types which are not generally manufactured in the country. Statistics of imports into the country, by quantity and value, of the different types of artificial silk fabrics are given in Appendix XIII (a), (b), (c), (d) and (e). In Appendix XIV (a) and (b) are given statistics of the imports, by quantity and value, of different types of artificial silk yarn.

(b) *Import Control Policy:* Imports of artificial silk fabrics have been subject to control during the period following the Board's previous tariff inquiry. The import control policy of Government in respect of different types of artificial silk fabrics is stated in Appendix XV (a), (b), (c) and (d).

13.(a) *Exports:*

(i) We have been informed by the representatives of the industry that they have exported considerable quantities of the indigenous artificial silk fabrics to Burma, Ceylon, Indonesia, Middle East countries and East Africa. It is stated that considerable exports would have taken place to Pakistan but for the Indo-Pakistan trade deadlock. The industry claims that there is considerable scope for the export of its products to wherever there are Indian residents as Indian ladies prefer Indian made artificial silk fabrics and sarees printed with special designs. The industry, however, states that it is affected by strong competition from low-priced Japanese and Italian fabrics.

(ii) In order to give a stimulus to the export of indigenous artificial silk fabrics, Government have sanctioned since 6th June, 1950 the grant of a flat rate of rebate of 12 annas per pound of imported yarn contained in the exported materials. The industry has, however, pointed out to us that this rebate does not cover the full amount of the customs duty paid by the manufacturers on imported yarn. It has, therefore, requested that Government should refund the

full amount of the duty paid. We shall discuss this question in a subsequent paragraph.

(iii) Statistics of the quantity and value of exports of artificial silk fabrics to the different countries since 1947-48, is given in Appendix XVI.

(b) *Export Control Policy:* We have been informed by the Chief Controller of Exports that up to November, 1949, silk and artificial silk fabrics were freely licensed for export. In November, 1949, these items were placed under Open General Licence IV.

14. Artificial silk, and cotton and artificial silk existing mixed fabrics, are assessed for customs duty under item Nos. 48(1), 48(4), 48(5), and 48(7) duty. of the First Schedule to the Indian Customs Tariff (32nd Issue). The relevant items of the Customs Tariff are reproduced below:-

Item No.	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty
				The United Kingdom	A British Colony	Burma	
1	2	3	4	5	6	7	8
48(1)	Fabrics, not otherwise specified containing more than 90 per cent. of artificial silk (q)						18 per cent. ad valorem
	(a) of British manufacture	protective	30 per cent. ad valorem or 2½ as. per sq.yd. whichever is higher plus one half of the total duty	-	-	-	March 31st 1951

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	(b) not of British manufac- ture.	Pro- tect- ive	50 per cent. ad valorem or 4 as. per sq. yd., whichever is higher plus one half of the total duty	-	-	March 31st 1951	
48(4)	Fabrics, not otherwise spe- cified, con- taining more than 10 per cent. and not more than 90 per cent. silk (q)				30 per cent. ad valo- rem		
	(a) contain- ing more than 50 per cent. of silk or artificial silk or of both	Pro- tect- ive	50 per cent. ad valorem plus Rs. 2 per lb. plus one half of the total duty			March 31st 1951	
	(b) contain- ing not more than 50 per cent. of silk or arti- ficial silk or of both-						
	(i) containing more than 10 per cent. arti- ficial silk (s)	Pro- tect- ive	50 per cent. ad valorem of Rs.1-8-0 per lb. whichever is higher plus one half of the total duty			March 31st 1951	

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(ii) containing no artificial silk or not more than 10 per cent. artificial silk(s).	Pro-tective	75 per cent. ad valorem					March 31st 1951
48(5) Fabrics, not otherwise specified, containing not more than 10 per cent silk but more than 10 per cent and not more than 90 per cent artificial silk (q)						221. per cent. ad valorem	
(a) containing 50 per cent. or more cotton—							
(i) of British manufacture	Pro-tective	30% ad valorem or 2 as. per sq. yd. whichever is higher plus one half of the total duty					March 31st 1951
(ii) not of British manufacture (t)	Pro-tective	50 per cent. ad valorem or 3½ as. per sq. yd. whichever is higher plus one half of the total duty					March 31st 1951
(b) containing no cotton or containing less than 50 per cent. cotton (q).—							
(i) of British manufacture	Pro-tective	30 per cent. ad valorem or 2½ as. per sq. yd. whichever is higher plus one half of the total duty					March 31st 1951

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	(ii) not of British manufacture (r).	Protective	50 per cent. ad valorem or as. 4' per sq. yd. whichever is higher plus one half of the total duty			March 31st 1951	
48(7)	Fabrics, not otherwise specified, containing not more than 10 per cent. silk or 10 per cent. artificial silk or 10 per cent. wool, but containing more than 50 per cent. cotton and not more than 90 per cent. cotton				22½ ad valorem		
	(q)	(a) of British manufacture	Protective	37½ ad valorem		March 31st 1951	
	(b) not of British manufacture	Protective	75 per cent. ad valorem			March 31st 1951	

(q) Under Section 5 of the Finance Act, 1950, in the case of goods comprised in Items Nos. 48 to 48(7) both inclusive, if the duty of excise for the time being leviable on like goods, or as the case may be on the fabrics of which such textile manufactures are wholly or mainly made, exceeds the sum of

(i) the duty of customs chargeable under the first schedule to the Indian Tariff Act, 1934, or under that Schedule read with any notification of the Central Government for the time being in force, and

- (ii) the additional duty of customs chargeable under clause (b) or (d) of the section named above, there shall up to the 31st day of March, 1951 be levied and collected as a further addition to, and in the same manner as, the duties of customs so chargeable on amount equal to the aforesaid excess.
- (r) Under Government of India, Commerce Department Notification No. 341-T(6)/41, dated the 21st July, 1941, the articles assessable under this sub-item are liable to duty at 50 per cent. *ad valorem* or 7 annas per square yard, whichever is higher plus one half of the total duty.
- (s) Under the Government of India, Finance Department (Central Revenues), Notification No. 38, dated the 22nd June, 1935, woollen all-overs embroidered with artificial silk are exempt from so much of the duty as is in excess of 25 per cent. *ad valorem* or Re. 1-2-0 per lb. whichever is higher plus one half of the total duty.
- (t) Under Government of India, Commerce Department, Notification No. 341-T(6)/41 dated the 21st July, 1941, the articles assessable under this sub-item are liable to duty at 50 per cent. *ad valorem* or As. 5½ per square yard, whichever is higher plus one half of the total duty.



15. (a) A statement showing the break-down of landed c.i.f. costs into c.i.f. prices, customs duty, clearing charges, etc., of different types of artificial and land-silk fabrics, is given in Appendix XVII. At the public inquiry, the representatives of the manufacturers pointed out that in comparing the prices of foreign and indigenous materials, it would be necessary to examine samples of the materials in question, as there were wide differences in similar types of the fabrics manufactured here and abroad. It was also pointed out to us that the prices of the Italian and Japanese fabrics were lower than the prices of other foreign fabrics. In regard to the Japanese fabrics, the producers and importers were unable to give the c.i.f. prices of actual imports as there had been very few imports of such fabrics but gave us figures of quotations and offers received by them. We consider that, in assessing the quantum of protection required by the industry, only the c.i.f. prices of those materials which have actually been imported into the country should be taken into account. After discussion with the representatives present at the public inquiry as to what would be the most representative c.i.f. prices and landed costs which could be taken for purposes of comparison with the fair selling prices of the indigenous products, it was agreed that the lowest c.i.f. prices of two representative types of artificial silk fabrics, viz., Satin 36" and Georgette 44" from Italy, should be taken for the purpose.

(b) The c.i.f. prices and the corresponding landed costs of Satin 36" and Georgette 44" that we have adopted for the purpose of comparison, are given below:-

	Satin 36" (per yard)	Georgette 44" (per yard)
	Rs. As. Ps.	Rs. As. Ps.
(i) C.i.f. price	1 10 0	1 12 0
(ii) Customs duty:		
(a) Ad valorem duty at 50%	0 13 0	0 14 0
(b) Surcharge [half of (a)]	0 6 6	0 7 0
(iii) Clearing charges at 1% of (i)	0 0 3	0 0 3
(iv) Total landed cost (with duty)	2 13 9	3 1 3

13. (a) *Mills selected:* The Board, after consulting with the Secretary of the Silk and Art Silk Board's estimate of costs of production and fair selling prices, selected 3 mills in Bombay to be costed by the Cost Accounts Officer of the Board and 3 more mills in Calcutta from whom the cost data were to be obtained in the proforma drawn up by the Board.

The mills thus selected were:

- BOMBAY: 1. The Bipin Silk Mills Co., Ltd.
2. Jasmine Mills Ltd.
3. Cadell Weaving Mills Co., Ltd.

- CALCUTTA: 1. The Bengal Silk Mills Co., Ltd.
2. Pravati Textile Mills Ltd.
3. The Calcutta Silk Manufacturing Co., Ltd.

(b) *Period of costing:* The periods selected for costing were (i) the year ended 31st December, 1949 and (ii) the half-year ended 30th June, 1950.

(c) *Items costed:* The following items were selected for costing:-

1. Satin (heavy and light)
2. Shioze.
3. Jacquard.
4. Oriental Khakoo.
5. Georgette.
6. Cotton Back Satin.
7. Ninon (Voile).

(d) *Nature of cost data obtained:* Financial accounts are kept in all the mills costed. Cost accounts, however, are not maintained in a scientific manner so as to facilitate the working out of the actual cost of production under each process for each kind of fabric. Production statistics maintained are meagre. Consequently, estimates of cost of production were built up from such data as were available.

(e) *Method of costing:* Costs have been worked out in two stages, namely (i) upto the grey stage based on the cost per loom shift (by dividing the total expenditure by the total number of loom shifts worked); and (ii) cost of subsequent processes, such as bleaching, dyeing, etc.

(f) *Equipment and capacity:* Two of the mills costed in Bombay were engaged in all the operations, such as weaving, dyeing and bleaching and printing, whilst the third one confined itself only to weaving. In the mill, twisting and throwing were also undertaken. Details of the

number of looms installed in each of the mills costed together with the capacities worked are given below:-

	Number of looms installed	Number of looms working	Percentage of installed capacity used
1. Bipin Silk Mills Co., Ltd., Bombay	300	282	94
2. Jasmine Mills Ltd., Bombay	112	105	94
3. Cadell Weaving Mills Co., Ltd., Bombay	60	44	74

(g) *Wastage in manufacture:* This varied from 5 per cent. to 10 per cent. in the case of the mills costed, depending upon the type of yarn utilized. The representatives of the costed mills agreed that 5 per cent. by weight of the raw materials should be taken as a fair average wastage. This wastage percentage has been provided in estimating the fair selling prices of artificial silk fabrics.

(h) *Raw materials:* The raw material for the manufacture of artificial silk fabrics is artificial silk yarn of Denier 75, 100, 120 and 150, which is imported from abroad and supplied chiefly through the agency of the respective Associations in Bombay and Calcutta. Any deficiencies in the requirements of yarn are met by purchases in the local market. The maximum and minimum prices per pound of yarn paid during the periods under review were as follows:-

Deniers	Minimum Rs.	Maximum Rs.
75 Bright	5.27	7.00
100 Dull	3.08	6.73
100 Bright	4.89	4.90
120 Bright	3.96	7.02
150 Dull	4.50	5.50
150 Bright	3.86	5.84

The representatives of the industry pointed out that the above prices paid by them for yarn were those prevailing in a rising market due to the shortage of imported yarn. Consequently, the prices paid varied from mill to mill as yarn had to be purchased in any case so as to keep the looms working. This is one of the chief reasons for the variations in costs of fabrics as between the different mills.

It was, however, considered necessary to adopt a uniform price for yarn for the purpose of cost estimates and it was agreed that the Association should furnish the latest yarn prices payable as per the contracts entered into by the mills in Bombay for the month of January 1951. In this connection, it was contended by the manufacturers that as the imported yarn was only available to a small extent, and as the balance of their requirements had to be made good in the open market, an average price for these should be adopted based on the quantities consumed. This ratio, according to the Silk and Art Silk Mills' Association, Bombay, is 1 : 1. We, however, have not adopted this average price basis, but adopted only those prices that would be payable for the yarn to be imported through the Association. In arriving at the landed cost of this yarn, we have provided for customs duty at 64 per cent., which again is worked out on the basis of the actual duty paid on two consignments imported in January 1951, as per the details furnished by the Art Silk Mills' Association, vide Appendix XI. It is stated that at present the customs duty is being charged at 35 per cent. on the market value and not on the c.i.f. price of yarn. Based on these prices, the Board has estimated the prices of artificial silk fabrics for the future from January 1951.

(i) *Interest on working capital:* This is allowed at the rate of 4 per cent. on three months' cost of production.

(j) *Return on block capital:* As in the last inquiry, this has been provided at the rate of 10 per cent. on the estimated or actual block values.

(k) *Loss on fents:* Statistics are not available to show the actual percentages of loss incurred for each kind of fabric. Only for one mill the details were available and it varied from 2 per cent. to 10 per cent. This large variation was explained to be due to the difference in the quality of yarn supplied in the past. For the future, however, we have provided only 3 per cent. to cover the loss on fents as in the last inquiry.

FAIR SELLING PRICES:

(a) Details of the estimates of the future fair selling prices calculated for the various types of fabrics costed are shown in Appendix XVIII.

(b) Of the several types of fabrics costed, only two could be compared with the corresponding imported varieties, namely, Satin 36" and Georgette 44". The fair selling prices per yard estimated by the Board for the future from

January 1951 work out to Rs. 2-13-10 for Satin 36" and
Rs. 3-1-5 for Georgette 44" as per details given below:-

BOARDS'S ESTIMATE OF FAIR SELLING PRICES

	Satin 36"	Georgette 44"
	Rs.	Rs.
1. Yarn cost including wastage	1,560	1,334
2. Manufacturing cost	1,086	1,522
3. Interest on working capital	0.026	0.029
4. Return on block at 10%	<u>0.109</u>	<u>0.116</u>
5. Fair selling price	2.781	3.001
6. Loss on fents	<u>0.083</u>	<u>0.090</u>
7. Fair selling price for first quality	2.864	3.091
	or	
	Rs. 2-13-10	Rs. 3-1-5

In arriving at the above costs the following factors have been taken as the basis:-

(i) the cost of production is based on a mill working with about 60 looms, as most of the members of the Association are in this position;

(ii) prices of yarn have been taken at the rates at which they have been contracted through the Association for the month of January, 1951;

(iii) wastage of yarn has been taken at 5 per cent.

(iv) account has been taken of increase in labour cost on account of the latest Award given by the Wage Board in Bombay in the matter of (a) basic wages and (b) dearness allowance;

(v) the charges for twisting and throwing yarn have been taken at the market rate, as most of the mills in Bombay have got no equipment of their own to do this work.

17. We have already pointed out that at the public inquiry, it was agreed that the lowest c.i.f. comparison of prices to be adopted for Satin 36" and Georgette 44" should be taken at Rs. 1-10-0 and Rs. 1-12-0 per yard respectively. In the preceding

paragraph, we have estimated the future fair selling prices of these two types at Rs. 2-13-10 and Rs. 3-1-5 per yard respectively. In the following statement, a comparison has been made between these sets of figures in order to determine the duties required to equate

the fair selling prices of the indigenous products to the landed costs ex-duty of the imported articles:-

	Satin 36"	Georgette 44"
	Rs. As. Ps.	Rs. As. Ps.
1. C.i.f. price	1 10 0	1 12 0
2. (a) Ad valorem duty at 50%	0 13 0	0 14 0
(b) Surcharge - half of (a)	0 6 6	0 7 0
3. Clearing charges at 1% of (1)	0 0 3	0 0 3
4. Landed cost with duty	2 13 9	3 1 3
5. Landed cost without duty	1 10 3	1 12 3
6. Fair selling price	2 13 10	3 1 5
7. Excess of fair selling price over landed cost ex-duty	1 3 7	1 5 2
8. Duty indicated (same as item 7)	1 3 7	1 5 2
9. Present duty (vide item 3 above)	1 3 6	1 5 0

18. From the comparative statements given above, it is found that the duties indicated by the price protection. comparison are Rs. 1-3-7 in the case of Satin and Rs. 1-5-2 in the case of Georgette as against the existing duties working out to Rs. 1-3-6 and Rs. 1-5-0 respectively. There is, thus, practically no difference between the existing duties and the duties required. We, therefore, recommend that the existing protective rates of duty on artificial silk fabrics be continued for a period of two years with effect from 1st April 1951. We consider that this continuation of protection for two years will assist the industry in consolidating its position so as to enable it to face foreign competition in future.

19. (a) The industry has also asked for assistance in the following forms:-

- (i) **Imposition of restrictions on imports of artificial silk fabrics** on the ground that the indigenous productive capacity is sufficient to meet the entire demand of the country. In this connection, the importers have, however, requested that minimum imports of
- Other assistance asked for by the industry and Board's recommendations.

silk and artificial silk fabrics of superior quality, which do not compete with indigenous production, should be allowed from Japan, China, the U.K., Italy, France and Switzerland.

- (ii) Regular supply to producers of adequate quantities of standardized raw materials, especially of artificial silk yarn of the first and second qualities.
- (iii) Grant of import licences for artificial silk yarn for a period of one year instead of for 6 months as at present.
- (iv) Continuance of the present policy of granting import licences for artificial silk yarn direct to the producing units or to their Associations. It has been suggested that the basis of the import quota should be the yarn consumed monthly during the years 1949 and 1950 so that the mills may be assured of their monthly requirements of this raw material and thus be encouraged to produce more. It is stated that if traders are allowed to import the yarn and distribute it to the producers, fourth quality and other useless yarn would be imported to the detriment of the industry.
- (v) Reduction of import duty on artificial silk yarn to 25 per cent. as the c.i.f. prices have increased considerably during the recent months.
- (vi) Levy of a specific duty on imported artificial silk yarn either at a flat rate or on an *ad valorem* basis at a fixed tariff value. The industry states that this will enable it to adjust its costings for a fairly long period ahead and to show better results in the export drive.
- (vii) Facilities for the import of improved and up-to-date machinery and stores from abroad.
- (viii) Encouragement of the export of artificial silk fabrics to Pakistan and other neighbouring countries and grant of a rebate (*i.e.*, refund) of the full duty on imported yarn which is contained in the exported fabrics. The producers have in this connection pointed out that the rebate of 12

annas per pound of yarn contained in the artificial silk fabrics already sanctioned by Government, has not been put into practice.

- (ix) Government should standardize the qualities that are produced in the country for which purpose Government should arrange for the establishment of inspection bureaux for necessary inspection and verification. It is stated that this practice has proved very successful in many foreign countries, especially in Japan.

(b) We now propose to examine the above items as well as those difficulties in respect of supply of artificial silk yarn which have been mentioned in paragraph 8(i) above.

(i) *Restrictions on imports:* From the estimates of rated capacity given earlier in the report, it is evident that the indigenous industry is capable of meeting the entire domestic demand for artificial silk and cotton and artificial silk mixed fabrics. We may, however, point out that import control is maintained primarily on balance of payment grounds and is not intended to serve as an additional form of protection. However, the present system of import control takes due account of domestic production and demand. This should amply safeguard the interests of the domestic industry. We, therefore, consider it unnecessary to make a further recommendation on this point.

(ii) *Facilities for procurement of raw materials:* The industry has pointed out that it has been experiencing great difficulties in getting sufficient yarn to utilize its productive capacity to the full extent. We discussed these difficulties of the industry with its representatives and we agree that the difficulties mentioned by the industry are hampering its progress. The tension in the international situation has led many European countries to make large purchases of rayon and artificial silk yarn for purposes of stock-piling. It has been stated that the U.S.A. has been a heavy buyer of rayon in Italy, France, Spain and Japan. As a result of these and other factors, the prices of yarn have increased considerably and their supplies have become scarce in world markets. In this connection, we have been informed that the prices of yarn in Bombay have increased in some cases from Rs. 600 to Rs. 1,800 per case of 200 pounds. And it is also stated that the indigenous industry has hardly been able to obtain 40 per cent. of the quantum of yarn allowed under the import licences issued by

Government during the period June-December 1950. We have, however, been informed that the present system of issuing licences for the import of artificial silk yarn directly to the producing units or to their Associations, has been found satisfactory by the large importers as well as by the indigenous industry as it has eliminated speculative manipulations by middlemen in respect of yarn required by the industry. The representatives of the industry have stated that under the present system 95 per cent. of the producers were getting all their imports through the established agents of foreign manufacturers of rayon yarn. These importers were getting their usual commission from their principals, who arranged for the delivery of the material to the producers at the landed cost and gave the indigenous producers facilities by way of opening letters of credit, storage facilities, etc. The importers, on the other hand, claimed that they should be given a fair quota of import licences for artificial silk yarn on the ground of their past connection with the industry. We have examined the different aspects of the matter and we recommend that the present system of issuing licences for imports of artificial silk yarn directly to the producing units or through their Associations should continue. Government should also give facilities for the import of first and second quality yarn both to the importers and the manufacturers, so that indigenous fabrics which would be produced may be of the same quality as the imported fabrics. We further recommend that Government should assist the industry in obtaining supplies of yarn by initiating negotiations for this purpose through their Trade Commissioners abroad with the Governments of foreign countries.

(iii) *Change in customs duty and tariff valuation of artificial silk yarn:* The industry's request for a reduction in the customs duty on artificial silk yarn was not accepted by the Board at the time of the previous tariff inquiry. We have examined this point once again and we do not recommend any reduction in the customs duty on artificial silk yarn.

The industry's other request regarding the assessment of customs duty on the c.i.f. or invoice value instead of on the market value as is being done at present, was discussed by us in detail with the representatives of the industry at the public inquiry. According to Note 1 of page 1 of the Indian Customs Tariff (32nd Issue) "in the expression *ad valorem* used in these Schedules the reference is to 'real value' as defined in Section 30 of the Sea Customs Act, 1878 (VIII of 1878), unless an article has a tariff value assigned to it". The definition of value

adopted by Section 30 of the Sea Customs Act VIII of 1878 is as follows:-

- "(a) The wholesale cash price, less trade discount for which goods of the like kind and quality are sold or are capable of being sold at the time and place of importation or exportation, as the case may be, without any abatement or deduction whatever, except (in the case of goods imported) of the amount of the duties payable on the importation thereof; or
- (b) where such price is not ascertainable, the cost at which goods of the like kind and quality could be delivered at such place without any abatement or deduction, except as aforesaid."

It will be seen from this definition of value in the customs regulations that the assessment of customs duty on the basis of the market value of yarn is authorised under the rules. The producers have, however, stated that whereas the customs authorities in Bombay assess customs duty on yarn on its market value, the basis adopted in Madras, Calcutta and other ports is c.i.f. or invoice value which leads to different duties being paid on yarn. The producers have, also, pointed out that the market value, due to scarcity of yarn, is twice or thrice the actual landed cost with the result that the duty which should be normally 35 per cent. on the invoice value becomes as high as 70 to 100 per cent. when assessed on the market value. In this connection, it has been contended by the representatives of the industry that, though the practice of assessing the customs duty on the basis of the market value might have been justified formerly when the yarn was dealt in largely by the traders for profits, the system had become inappropriate at the present time because such yarn was mostly imported direct by the manufacturers of artificial silk fabrics or by their Associations and not traded in for profits. We consider that there is force in this contention and recommend that the question of assessing the customs duty on the c.i.f. or the invoice value of the yarn should be reviewed by Government.

(iv) *Assistance for importing machinery and equipment:* The Board had recommended as a result of the previous tariff inquiry that Government should assist the industry in importing up-to-date machinery and equipment. We have pointed out in paragraph 6 above that the industry has greatly appreciated the assistance given by Government in this matter. We consider that there is further need for modernizing the technique of production by the indigenous producers so as to develop adequate production of all types

of artificial silk fabrics including superior qualities. We, therefore, recommend that Government should continue to give the necessary assistance to the industry for importing modern machinery and equipment.

(v) *Assistance for export:* Assistance for export of the indigenous artificial silk fabrics had been recommended by the Board in its previous report. Although we have come to the conclusion that there is enough demand in the country to absorb the entire output of the indigenous industry, we feel that from a long-range point of view it would be in the interest of those units which have attained the necessary standard of efficiency to expand their exports to the neighbouring countries, especially Burma, Ceylon, Indonesia, the Middle East and Far Eastern Countries, East Africa, etc. We recommend that the industry should be given assistance in this matter through the Government of India Trade Commissioners abroad.

The industry has pointed out that the stimulus offered by the grant of a rebate at a flat rate of 12 annas per pound of yarn contained in the exported fabrics is not sufficient. It claims that the full customs duty paid on the imported yarn used in the artificial silk fabrics should be refunded. We understand from the customs authorities that in the case of other exported articles manufactured from imported raw materials, generally a draw-back of about 7/8th of the import duty paid, is granted. We recommend that Government should review this matter.

As regards the complaint of the industry that Government have not given effect to their decision to grant a rebate of 12 annas per pound on imported yarn contained in the exported fabrics, we find that the complaint is unfounded and we have, therefore, no recommendation to make in this regard.

(vi) *Standardization of the qualities of the indigenous artificial silk fabrics:* We have already pointed out in paragraph 11 above that the artificial silk fabrics manufactured in the country are comparable with the imported products. We have, however, been informed that in this industry a wide range of fabrics are manufactured and that even in the same type of fabrics there are considerable differences as regards quality, designs, etc. There is, also, considerable scope for improving the quality of the indigenous artificial silk fabrics. We, therefore, recommend that the industry should standardize the qualities and types of artificial silk fabrics and approach the Indian Standards Institution for assistance in this matter.

20. (a) It will be seen from the preceding paragraphs other recommendations that the difficulties of this industry are largely due to lack of a central organization. We recommend that the industry should form an all-India organization comprising all the units and Associations in the industry. Such an organization will enable the manufacturers to co-ordinate their efforts and look after their common interest in their negotiations with Government as well as the manufacturers of artificial silk yarn and fabrics in other countries. This organization should also undertake the collection of statistical data regarding production, imports and other aspects of the artificial silk industry and suggest necessary co-ordinated action to meet the difficulties experienced by the different manufacturing units.

(b) We have been impressed by the fact that, besides the mills, there are a large number of handloom weavers manufacturing artificial silk fabrics. Such scattered and unorganized producing units are generally best developed by organizing them on co-operative lines. We, therefore, recommend that the State Governments concerned should encourage the organization of the small units on co-operative lines for the production and marketing of their products and for obtaining their supplies of raw materials.

21. Under paragraph 2 of the Commerce Ministry Resolution 30-T(1)/48 dated 5th August, 1948, the watch to be maintained over Board is authorized to maintain a continuous watch over the progress of a protected industry so as to ensure that the protected industry is being run efficiently. For this purpose, it is necessary that the Board should be in possession of relevant statistics and facts pertaining to the development of the industry. We, therefore, recommend that the Art Silk Mills' Associations and the State Governments concerned should furnish annual progress reports to the Board by 31st January of every year, giving information regarding production, sales, stocks, cost of production and selling prices. Such reports should also include information regarding supply of raw materials, the landed costs and selling prices of the imported products, and any other factors that may have bearing on the competitive position of the industry.

22. Our conclusions and recommendations are summarized as follows:-
Summary of conclusions and recommendations.

(i) The present inquiry should cover the same items as were included in the scope of the previous inquiry, viz. Item Nos. 48(1), 48(4), 48(5) and 48(7) of the Indian Customs Tariff.
(Paragraph 2)

(ii) The industry is highly concentrated in the Bombay State and, to lesser extent, in the States of West Bengal and East Punjab. The important centres of production are Bombay, Calcutta, Ahemdabad, Surat and Amritsar. There are, however, a number of small units located in other parts of the country. [Paragraph 7(a)]

(iii) The interests of the manufacturers in the Bombay State are represented by the Silk and Art Silk Mills' Association Ltd., Bombay, and those of the manufacturers in West Bengal by the Bengal Silk and Art-Silk Mill-Owners' Association, Calcutta. There is an Association called the Textile Manufacturers' Association Ltd., in Amritsar representing the manufacturers in the East Punjab area.

[Paragraph 7(b)]

(iv) The Association in Bombay has a membership of 287 mills engaged in the production of artificial silk fabrics with 19,954 looms. There are, however, many small units in the Bombay State which are not members of the Association and which work on powerlooms and handlooms. The Bengal Silk and Art-Silk Mill-Owners' Association, Calcutta, has 9 member mills with a total of 755 looms, and there are 68 mills in Amritsar and other parts of East Punjab who are members of the Association in Amritsar with a total of 1,879 looms. [Paragraph 7(c), (d), (e) and (f)]

(v) Apart from the member mills of the Associations, there are in different parts of the country many more units manufacturing artificial silk fabrics, which possess about 3,213 looms. [Paragraph 7(g)]

(vi) There are 1,37,043 handlooms in the country producing artificial silk and cotton and artificial silk mixed fabrics. [Paragraph 7(h)]

(vii) There are 75,000 handlooms exclusively manufacturing artificial silk fabrics. [Paragraph 7(h)]

(viii) It is estimated that about Rs. 15 crores have been invested and that about 3,00,000 workers are employed in the industry. [Paragraph 7(j)]

(ix) On the basis of the number of looms, quantity of yarn required and fabrics produced per loom and also after making due allowance for the requirements of the ancillary industries which are discussed in paragraph 8(c), (d), (e), (f) and (g), 75 million pounds of all types of artificial silk yarn per annum would be sufficient to meet the requirements of the country for this material. [Paragraph 8(h)]

(x) Of the three firms known to be interested in the manufacture of artificial silk yarn, only one viz. the Travancore Rayons Ltd., has actually commenced production since July, 1950. [Paragraph 8(j) (i)]

(xi) Government should extend to the rayon mills all possible assistance to obtain their requirements of raw materials from foreign countries. [Paragraph 8(k)]

(xii) The Council of Scientific and Industrial Research, the Indian Forest Research Institute and other Government-sponsored Research institutions should assist the industry in exploring the possibilities of production of the raw materials required by the indigenous artificial silk yarn industry, such as pulp and suitable type of caustic soda in the country on a commercial scale. [Paragraph 8(k)]

(xiii) Reduction in the import duty on raw materials and machinery is neither necessary nor practicable.

[Paragraph 8(i)]

(xiv) The quality of the indigenous yarn was considered by the representatives of the artificial silk industry to compare favourably with the imported product.

[Paragraph 8(m)]

(xv) The entire indigenous production of artificial silk fabrics barring small exports, is consumed in the country. [Paragraph 9(b)]

(xvi) We estimate the present demand for artificial silk fabrics at 350 million yards per annum. [Paragraph 9(b)]

(xvii) Practically, all types of artificial silk fabrics could be manufactured in the country with the existing machinery and equipment provided the industry was supplied with adequate quantities of yarn of the requisite quality. [Paragraph 10(a)]

(xviii) The productive capacity of the indigenous industry may be taken to be about 375 million yards per annum. [Paragraph 10(b)]

(xix) The indigenous artificial silk fabrics are as good as the imported articles. [Paragraph 11]

(xx) The lowest c.i.f. prices of two representative types of artificial silk fabrics, viz., Satin 36" and Georgette 44" from Italy, have been taken for purposes of assessing the quantum of protection needed by the domestic industry. [Paragraph 15(a)]

(xxi) Estimates of the future fair selling prices calculated for the various types of fabrics costed are given in Appendix XVIII. [Paragraph 16]

(xxii) The fair selling prices per yard for the future from January, 1951, work out to Rs. 2-13-10 for Satin 36" and Rs. 3-1-5 for Georgette 44". [Paragraph 16]

(xxiii) The existing protective rates of duty on artificial silk fabrics should be continued for a period of two years with effect from 1st April, 1951. [Paragraph 18]

(xxiv) The continuation of protection for two years will assist the industry in consolidating its position so as to enable it to have foreign competition in the future.

[Paragraph 18]

(xxv) The present system of issuing licences for imports of artificial silk yarn directly to the producing units or through their Associations should continue.

[Paragraph 19(b) (ii)]

(xxvi) Government should give facilities for the import of first and second quality yarn both to the importers and the manufacturers so that indigenous fabrics which would be produced may be of the same quality as the imported fabrics.

[Paragraph 19(b) (ii)]

(xxvii) Government should assist the industry in obtaining supplies of yarn by initiating negotiations for this purpose through their Trade Commissioners abroad with the Governments of foreign countries. [Paragraph 19(b) (ii)]

(xxviii) We do not recommend any reduction in the customs duty on artificial silk yarn. [Paragraph 19(b) (iii)].

(xxix) The question of assessing the customs duty on the c.i.f. or the invoice value of the yarn instead of on its market value should be reviewed by Government.

[Paragraph 19(b) (iii)]

(xxx) Government should continue to give necessary assistance to the industry for importing modern machinery and equipment. [Paragraph 19(b) (iv)]

(xxxi) The industry should be given facilities to expand its exports to the neighbouring countries, especially Burma, Ceylon, Indonesia, the Middle East and Far Eastern countries, East Africa, etc., through the Government of India Trade Commissioners abroad. [Paragraph 19(b) (v)]

(xxxii) Government should review the request of the industry for the refund of the full customs duty paid on the imported yarn used in the exported artificial silk fabrics. [Paragraph 19(b) (v)]

(xxxiii) The complaint of the industry that Government have not given effect to their decision to grant a rebate of 12 annas per pound of yarn contained in the exported fabrics, is unfounded and we have, therefore, no recommendation to make in this regard. [Paragraph 19(b) (v)]

(xxxiv) The industry should standardize the qualities and types of artificial silk fabrics and approach the Indian Standards Institution for assistance in this matter.

[Paragraph 19(b) (vi)]

(xxxv) The industry should form an all-India organization comprising all the units and Associations in the coun-

try which will enable the manufacturers to co-ordinate their efforts and look after their common interest in their negotiations with Government as well as with the manufacturers of artificial silk yarn and fabrics in other countries.

[Paragraph 20(a)]

(xxxvi) The organization mentioned in paragraph 20(a) should also collect statistical data regarding production, imports and other aspects of the artificial silk industry and suggest necessary co-ordinated action to meet the difficulties experienced by the different manufacturing units.

[Paragraph 20(a)]

(xxxvii) The State Governments concerned should encourage the organization of the small units on co-operative lines for the production and marketing of their products and for obtaining their supplies of raw materials.

[Paragraph 20(b)]

(xxxviii) The Artificial Silk Mills' Associations and the State Governments concerned should furnish annual progress reports to the Board by 31st January of every year, giving information regarding production, sales, stocks, cost of production and selling prices. Such reports should also include information regarding the supply of raw materials, the landed costs and selling prices of the imported products and any other factors that may have a bearing on the competitive position of the industry.

(Paragraph 21)

23. We wish to acknowledge the help we have received from the producers, importers and Associations Acknowledgements, and Chambers of Commerce, and the Central and State Governments whose representatives furnished us with information and gave evidence before us. We also wish to thank Shri M.R. Kazimi, Deputy Textile Commissioner to the Government of India, and Shri A.D. Balasundaram, Director, Yarns and Handlooms, of the Office of the Textile Commissioner to the Government of India, Shri N. Srinivasan, Deputy Development Officer of the Directorate General of Industries & Supplies, Shri S.K. Chaudhury, Secretary, Central Silk Board, and Shri R. Sundaram, Cost Accounts Officer attached to the Board, for their assistance in connection with the inquiry.

H.L. Dey,

President.

M.A. Mulky,
Secretary.

B.V. Narayanaswamy,
Member.

Bombay,

Dated 31st January, 1951.

APPENDIX I

(Vide paragraph 1)

**GOVERNMENT OF INDIA
MINISTRY OF COMMERCE***New Delhi, the 6th August, 1948.***RESOLUTION
(Tariffs)**

No. 30-T(1)/48.- In their Resolution No. 218-T(55)/45, dated the 3rd November, 1945, as partially modified by Resolution No. 28-T(37)/47, dated the 26th November, 1947, the Government of India constituted a Tariff Board for the discharge of the duties specified in the Resolution cited above. It has now been decided that the Board shall be entrusted with the following functions in addition to those enumerated in paragraph 5 of the Department of Commerce Resolution No. 218-T(55)/45, dated the 3rd November, 1945, and paragraph 2 of the Ministry of Commerce Resolution No. 28-T(37)/47, dated the 26th November, 1947-

- (1) to enquire, as and when required by Government, into the cost of production of a commodity produced in the country and to determine its wholesale, retail or other prices, and to report on the same;
- (2) to recommend to Government, as and when required, measures necessary for the protection of India's industries from dumping from abroad;
- (3) to undertake studies, as and when necessary, on the effects of *ad valorem* and specific duties and tariff valuations on various articles and the effects on tariff concessions granted to other countries; and
- (4) to report to Government, as and when necessary, on combinations, trusts, monopolies and other restraints on trade, which may tend to affect the industries enjoying protection by restricting production, or maintaining or raising prices and to suggest ways and means of preventing such practices.

2. The Tariff Board is also hereby authorized to maintain a continuous watch over the progress of protected industries by conducting enquiries, as and when necessary, on the effect of the protective duties or other means of

assistance granted, and advise Government regarding the necessity or otherwise of modifying the protection or assistance granted. The Board should also keep a careful watch to ensure that conditions attached to the grant of protection were fully implemented and that the protected industries were being run efficiently.

3. In discharging the functions enumerated in paragraph 2 of this Resolution, the Board should, in the case of all industries where it is concerned, seek the assistance and advice of the Director General, Industry and Supply as an organization, which will supply the Board with the technical assistance required in keeping the necessary watch over the growth of protected industries.

S. Ranganathan,
Joint Secretary to the Government of India.



APPENDIX II

[Vide paragraph 3(c)]

List of firms and bodies to whom the Board's special questionnaires were issued indicating those who replied or submitted memoranda.

*Indicates those who replied or submitted memoranda.

A. Producers of Artificial Silk Fabrics:

- *1. Ambika Silk Mills Co. Ltd.,
Delisle Road, Post Box No. 13,
11-12, Haines Road, Mahalaxmi,
Bombay.
2. Abdul Karim Silk Mills,
144, Dharavi Road, Sion,
Bombay.
3. Ahmedabad Silk Factory,
Kalachowk Road,
Bombay Cotton Mills Estate,
Bombay.
4. Alliance Silk Mills,
Atlas Mills Compound, Reay Road,
Bombay.
5. Asian Rayon Mills,
New Islam Mills Compound,
Currey Road,
Bombay.
6. Asha Silk Mills Ltd.,
Agra Road, Vikhroli,
Bombay.
7. Bipin Silk Mills Ltd.,
Kasturchand Mills Compound,
12, Dadar Road,
Bombay.
8. Balaki Ram Balkishan Mills,
Katra Jallianwalla,
Amritsar.
- *9. Bengal Silk Mills Co. Ltd.,
13, Ariff Road, Ultadanga,
Calcutta.

A. Producers of Artificial Silk Fabrics: (Contd.)

10. Calcutta Silk Manufacturing Co. Ltd.,
37, Vivekananda Road,
Calcutta.
11. Calcutta Silk Mills,
5, Narayan Babu Lane, Lilooah,
Howrah.
12. Calcutta Silk Weaving Co.,
47, Muraripukur Road, P.O. Narkeldanga,
Calcutta.
13. Calcutta Silk Woollen Mills,
Howrah.
15. Dhanumal Silk Mills,
Waraccha Road,
Surat.
16. Hathiwala Silk Mills,
Begumpura,
Surat.
17. Hansa Cloth & General Mills,
Verka (Amritsar).
18. Indianese Silk Mills Co. Ltd.,
Sewri Cross Road, Vadala,
Bombay.
19. Indian Manufacturing Co. Ltd.,
Jacob Circle,
Bombay.
20. Indian Woollen & Silk Mills,
G.T. Road,
Amritsar.
21. Jyoti Silk Mills,
Bhiwandi (Thana District).
- *22. Kamala Mills Ltd.,
Tulsipipe Road, Lower Parel,
Bombay.
23. Kapoor Silk Weaving Mills,
G.T. Road,
Amritsar.
24. K.R. Alagarswamy Iyer & Sons,
Handloom & Cloth Merchant,
Nagal Nagar,
Dindigul.
- *25. Maharana Mills,
Porbandar,
Saurashtra.

A. Producers of Artificial Silk Fabrics: (Contd.)

26. Mahendra Silk Mills,
Rajpur, Gomtipur,
Ahmedabad.
- *27. Mehra Textile Mills,
Jail Road,
Amritsar.
- *28. Modern Textile Mills,
Verka, Amritsar.
29. Nanikram Sobhraj Mills Ltd.,
Madhavlal Ranchhodlal Colony,
Railwaypura Post,
Ahmedabad.
30. New India Rayon Mills,
Mathurdas Mills Compound,
Lower Parel, Bombay.
31. Oriental Cotton Cultivation Mills Ltd.,
2, Waterloo Street, Agarpatta, 24, Parganas,
Calcutta.
32. Prabhu Woollen & Silk Mills,
Malvai Bunga, Near Clock Tower,
Amritsar.
33. Jasmine Mills Ltd.,
Station Road, Mahim,
Bombay.
34. Cadell Weaving Mills,
400, Cadell Road,
Bombay 28.
- *35. Pravati Textile Mills,
Panihati, 24 Parganas,
Calcutta.
36. Sassoon & Alliance Silk Mills Co. Ltd.,
Maneckji Wadia Building,
127, Esplanade Road, Fort, Bombay.
37. Shree Ram Silk Manufacturing Co.,
14, Netaji Subhas Road,
Calcutta.
38. Swadeshi Silk Mills,
100, Netaji Subhas Road,
Calcutta.
39. Swadeshi Industries Ltd.,
100, Netaji Subash Road,
Calcutta.
- *40. Coonwer Silk Mill,
30, Mission House Lane, Tollygunge,
Calcutta.

A. Producers of Artificial Silk Fabrics: (Concl'd.)

41. W.A. Beardsell & Co. Ltd.,
Dhan-nur Building,
15-16, Sir P.M. Road,
Fort, Bombay.
42. Desai Textile Mills,
158-164, Kalbadevi Rd.,
Bombay.

B. Producers of Artificial Silk Yarn:

- *1. National Rayon Corporation Ltd.,
Ewart House, Bruce Street,
Fort, Bombay.
- *2. Sirsilk Ltd.,
Viswa Bhavan,
364, Himayatnagar,
Hyderabad, Deccan.
- *3. Travancore Rayons Ltd.,
Rayonpuram,
Perambavoor P.O.,
North Travancore.

C. Importers:

1. Bisesarlall Brijlall,
Exporters & Importers,
37, Cross Street,
Calcutta.
- *2. Fleming Shaw & Co. Ltd.,
235, Hornby Road,
Bombay.
3. Kamla Enterprises Ltd.,
1138, Manshordas Katra,
Calcutta 7.
- *4. Kishinchand Chellaram,
Guzdar House, Dhobi Talao,
Kalbaevi, P.O. Box No. 2145,
Bombay.
- *5. Rallis India Ltd.,
21, Ravelin Street,
Fort, Bombay.

D. Associations:

1. All India Manufacturers' Organization,
Industrial Assurance Building,
Opp. Churchgate Station,
Bombay.
2. Association of Indian Industries,
Industrial Assurance Building,
Opp. Churchgate Station,
Bombay.

D. Associations: (Contd.)

- *3. The Bengal Silk and Art-Silk Mill-Owners' Association, Bagati House, 4, Ganesh Chandra Avenue, Calcutta 13.
- *4. British Rayon Federation, Bridgewater House, 58, Whitworth Street, Manchester 1, (U.K.).
- 5. Employers' Association of Northern India, Imli House, The Mall, Civil Lines, Calcutta.
- *6. The Silk and Art Silk Mills' Association Ltd., Podar Chambers, Parsee Bazar Street, Bombay.
- *7. Silk Merchants' Association, Dhanukar Building, Kalbadevi Road, Bombay.
- *8. The Surat Small Weavers' Union, Kinkhabwala Market, 2nd Floor, Near Clock Tower, Mahatma Gandhi Road, Surat.
- 9. Yarn Merchants' Association, 111, Chawla Building, Tambakanta, Bombay 3.

E. Chambers of Commerce:

- *1. The Bombay Chamber of Commerce, Mackinnon Mackenzie Building, Ballard Estate, P.O. Box 473, Bombay.
- 2. Merchants' Chamber of United Provinces, Civil Lines, Kanpur, U.P.
- 3. The Surat Chamber of Commerce, Safe Deposit Chambers, Surat.

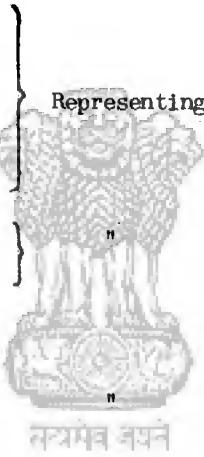
F. Governments and Others:

- 1. Central Silk Board, Room No. 27, Block No. 1, Shahjehan Road, New Delhi.
- 2. Director General of Industries & Supplies, Shahjehan Road, New Delhi.
- *3. Director of Industries & Statistics Authority, Government of Bombay, Old Customs House Yard, Fort, Bombay.
- 4. Director of Industries, Government of West Bengal, 7, Council House Street, Calcutta.
- 5. The Textile Commissioner to the Government of India, Wittet Road, Ballard Estate, Bombay.

APPENDIX III
[Vide paragraph 3 (f)]

*List of persons who attended the Board's public inquiry
on 4th January, 1951.*

I. PRODUCERS:

1. Shri M.J. Vaidya	Representing  नियमित सभाने	Silk & Art Silk Mills' Association Ltd., Podar Chambers, Parsee Bazar Street, Fort Bombay.
2. " R.J. Errunza		
3. " I.P. Parekh		
4. " B.H. Gujjar		
5. " P.K. Badiani		
6. " N.M. Shah		
7. " J.G. Parikh		
8. S.R. Poddar	"	Bengal Silk & Art- Silk Mill-Owners' Association, Bagati House, 4, Ganesh Chandra Avenue, Calcutta 13.
9. " K.C. Biswas		
10. " K.C. Biswas		Pravati Textile Mills, Panihati, 24 Parganas, Calcutta.
11. " M.S. Kapadia	"	Jasmine Mills Ltd., Station Road, Mahim, Bombay.
12. " P.V. Mehta	"	Cadell Weaving Mills, 400, Cadell Road, Bombay 28.

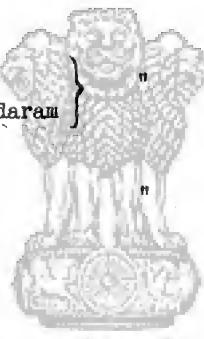
II. IMPORTERS:

13. Shri P.M. Chinai	"	Silk Merchants' Association, Dahanukar Building, Kalgadevi Road, Bombay.
----------------------	---	--

II. IMPORTERS: (Contd.)

III. GOVERNMENT DEPARTMENTS:

- | | | | |
|-----|---------------------|--------------|---|
| 16. | Shri N. Srinivasan | Representing | Director General of
Industries & Supplies,
New Delhi. |
| 17. | " S.K. Chaudhury | " | Central Silk Board,
Room No. 27, Block
No. 1, Shahjehan Rd.,
New Delhi. |
| 18. | " M.R. Kazimi | " | Textile Commissioner
to the Government of
India, Wittet Road,
Ballard Estate, Bombay. |
| 19. | " A.D. Balasundaram | | |
| 20. | " D.N. Savkur | " | Director of Industries
and Statistics Autho-
rity, Old Custom
House Yard, Fort,
Bombay. |



IV. PRODUCERS OF ARTIFICIAL SILK YARN:

21. Shri Padmanabhan Representing Travancore Rayons Ltd.,
Rayonpuram P.O.
(North Travancore).
22. Dr. M.D. Parekh } 23. Shri C.G. Mahant } National Rayon Corpora-
tion Ltd., Ewart
House, Bruce Street,
Fort, Bombay.

APPENDIX IV
 [*Vide paragraph 7(c)*]

*Statement showing increase in the membership of the Silk and Art Silk Mills' Association, Bombay and the number of looms utilized by them in the manufacture of artificial silk fabrics.

	Year	Number of members	Number of looms
Before	1946	26	3,341
March	1947	44	4,610
"	1948	117	8,678
"	1949	175	11,510
"	1950	237	17,816
December	1950	287	19,954

Note:- Percentage increase of looms in December, 1950 over March, 1948 is 129.9 per cent.

Therefore 100 per cent. plus } = 229.9 per cent. is
 129.9 per cent. } the installed capacity of the members
 in 1950 as against
 100 per cent. in
 1948.

*Source of information: Silk and Art Silk Mills' Association Ltd.. Bombay.

APPENDIX V
[vide paragraph 7(c)]

*Statement showing the profits made by 25 typical mills manufacturing artificial silk fabrics who are members of the Silk and Art Silk Mills' Association, Bombay.

	Total Capital or total cost of fixed assets in case of non-limited concerns	Gross profits.	Monthly Wage Bill	Depreciation of all assets	Reserve of all kinds appropriated in 1949, including depreciation fund	Reserves employed in working capital including depreciation fund	Original cost of machinery requiring rehabilitation	Present cost of rehabilitation (40% wherever not quoted)	Brewhouse rent (not becoming a charge)
1.	7,70,000	3,66,888	31,890	39,963	5,21,441	4,21,441	10,60,834	42,43,306	
2.	5,50,000	5,26,766	81,290	50,000	6,56,100	4,56,206	23,47,257	1	
3.	91,500	33,087	17,155	2,100	NIL	2,12,774	8,51,066		
4.	8,00,000	3,26,287	50,150	2,29,030	3,29,000	5,60,300	9,42,277	37,69,108	1
5.	4,00,000	3,72,799	2,72,129	2,71,705	2,71,700	6,35,973	9,65,143	23,07,773	2
6.	10,00,000	42,288	31,750	48,137	1,19,448	4,88,600	15,12,311	60,49,244	3
7.	32,000	2,89,371	24,954	62,447	NIL	79,000	2,50,000	12,00,000	
8.	5,00,000	2,10,232	16,422	7,206	62,447	2,15,600	8,60,000		
9.	58,100	3,01,200	61,286	45,000	7,200	1,70,300	76,192	3,04,768	
0.	15,00,000	8,42,291	77,421	NIL	70,000	7,05,000	5,95,636	30,00,000	3
1.	5,00,000	9,270	14,343	38,500	2,70,000	7,27,023	14,24,000	25,00,000	4
2.	95,000				66,500	70,147	2,80,000		
3.	5,00,000	4,51,941	37,920	1,10,975	1,10,975	3,17,704	8,07,113	10,00,000	(Provision)
4.	1,75,600	38,686	15,667	NIL	NIL	1,77,245	2,21,556		
5.	1,65,800	22,433	9,800	850	15,600	1,03,430	4,13,720		
6.	2,75,000	2,790	37,147	37,147	2,93,000	2,93,000	22,666	6,00,000	
7.	1,89,800	30,556	11,947	17,785	49,160	1,52,802	6,11,206		
8.	3,21,400	1,09,770	85,982	52,559	52,600	83,278	3,03,295	12,13,054	
9.	2,47,000	2,52,902	26,188	77,230	NIL	NIL	2,41,815	9,67,260	
0.	1,50,000	42,759	14,350	28,834	NIL	NIL	34,315	1,37,260	
1.	1,00,000	1,56,342	18,820	18,139	NIL	NIL	1,50,032	6,00,128	
2.	58,400	12,942	8,810	8,266	NIL	NIL	16,400	2,45,400	
3.	32,000	88,958	4,600	—	NIL	NIL	—	—	
4.	28,247	12,114	9,912	NIL	NIL	1,00,000	4,00,000		
5.	67,000	55,898	8,500	15,805	NIL	NIL	5,51,515	2,22,060	
	65,000								
	85,295,300	52,15,309	7,855,641	13,30,271	21,56,023	53,23,422	1,02,19,719	3,42,54,438	18

* Source of information: Silk and Art Silk Mills' Association Ltd., Bombay.

APPENDIX VI
 [vide paragraph 7 (d)]

*Statement showing the losses suffered by 23 mills manufacturing artificial silk fabrics who are members of the Silk and Art Silk Mills' Association, Bombay.

Paid-up Capital or total fixed capital of non-limited concerns	Gross Loss	Gross Profits	Monthly Wage Bill including Salary	Depreciation	Reserves employed in working capital including Depreciation Fund	Original cost of machinery requiring rehabilitation	Present cost of rehabilitation at 400% wherever not quoted	Breakdown value of machinery when rehabilitation necessary @ 5% wherever not quoted	Res all
1. 11,95,650	1,02,117	—	9,515	5,000	5,000	4,16,827	8,74,000	43,700	
2. 5,00,000	5,32,586	—	39,440	20,000	11,08,741	4,99,340	20,00,060	25,000	
3. 5,00,000	1,00,710	—	3,985	11,190	N11	2,30,436	9,21,744	11,520	
4. 1,01,000	22,375	—	6,300	37,095	N11	1,72,962	6,91,848	8,648	
5. 5,00,000	—	55,480	10,643	1,32,130	N11	4,69,252	18,77,008	23,462	
6. 5,00,000	48,306	—	5,637	24,000 (app)	387	2,03,120	8,12,480	10,155	
7. 25,00,000	—	132	49,239	5,20,790	8,70,790	21,82,400	87,29,606	1,06,000	
8. 3,00,000	5,575	—	24,806	22,712	2,73,900	3,49,000	10,90,000	17,450	
9. 2,70,000	22,640	—	11,336	25,215	N11	2,70,006	10,80,000	1,350	
10. 1,33,000	—	24,244	6,974	20,349	N11	1,20,417	4,81,668	3,021	
11. 2,41,600	—	43,661	12,117	40,288	32,000	2,17,255	8,98,024	10,862	
12. 3,28,000	35,323	—	9,304	31,174	N11	1,40,735	5,96,006	11,000	
13. 1,17,000	14,713	—	2,827	25,049	N11	1,00,000	4,00,000	5,000	
14. 70,000	14,530	—	1,950	15,570	16,555	66,600	2,60,000	3,300	
15. 1,34,000	29,985	—	17,656	35,400	N11	1,74,163	1,34,000	8,708	
16. 3,20,000	—	17,910	20,590	43,990	N11	3,03,586	12,14,344	15,175	
17. 1,00,000	10,940	—	9,766	21,034	N11	1,51,395	6,05,584	-7,570	
18. 2,00,000	55,782	—	8,276	14,000 (app)	N11	1,50,000	3,00,000	7,500	
19. 2,00,000	15,156	—	4,065	10,000	N11	94,000	3,76,000	4,420	
20. 40,000	20,984	—	6,878	28,016	N11	1,31,374	5,25,496	6,090	
21. 60,100	—	3,073	1,758	21,563	4,652	1,61,587	6,38,388	8,229	
22. 75,000	8,606	—	2,000	25,382	N11	75,552	3,02,248	3,780	
23. 1,14,000	—	3,579	10,590	21,620	33,680	1,02,900	4,11,600	5,100	
	<u>10,14,780</u>	<u>1,73,732</u>	<u>2,75,878</u>	<u>11,72,787</u>	<u>23,75,905</u>	<u>67,85,923</u>	<u>2,53,85,032</u>	<u>3,41,040</u>	
	<u>81,10,350</u>								

*Source of information: Silk and Art Silk Mills' Association Ltd., Bombay.

[Vide paragraph 7 (h)]

* Statement showing the distribution of handlooms manufacturing artificial silk and cotton and artificial silk mixed fabrics in the different States.

S. No.	Name of State	Number of handlooms
1.	West Bengal	6,000
2.	Bihar	3,566
3.	Orissa	2,510
4.	Assam	1,200
5.	U.P.	55,000
6.	Delhi	370
7.	Madras	9,234
8.	Madhya Pradesh	1,550
9.	Ajmer	33
10.	Hyderabad	5,880
11.	Mysore	18,745
12.	PEPSI	405
13.	Rajasthan	130
14.	Mathya Bharat	300
15.	Saurashtra	150
16.	East Punjab	5,200
17.	Jammu & Kashmir	2,486
18.	Bombay	23,690
	TOTAL	1,37,049



* Source of information: Director-General of

APPENDIX VIII
[vide paragraph 8(b)]

Statement showing import control policy in respect of artificial silk yarn (as amended from time to time)

(Source: Ministry of Commerce Import Control Public Notices)

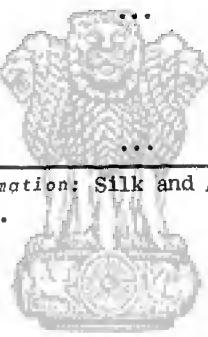
No. I.T.C. code	Period of Import	Dollar Area	Hard Currency Countries	W. Germany	Belgium & her poss- essions	Japan	Sweden	Switzerland	Sterling Countries	Soft Currency Countries	Other Currency Countries	Remarks
I II	Jan.-June 1949	No licences	No licences	--	--	O.G.L. XIII Up to 31-3-50	--	--	O.G.L. XI*	O.G.L. XI*	--	* O.G.L. XI was suspended on 5th May 1949. By notification dated 19th May, 1949 this was placed under O.G. XV.
	July-Dec. 1949	No licences	--	--	No licences	No licences	No licences	No licences	No licences	O.G.L. XV*	--	* Concession licence only.
	Jan.-June 1950	No licences	No licences	No licences	No licences	@15% of half of best year's import.	--	--	--	5% of half of best Monetary ceiling, import	0.G.L. XV*	0.G.L. XV cancellable on 25th August 1949 included in O.G.L.
	July-Dec. 1950	No licences	No licences	No licences	No licences	Quota of 25% of half of best year's import to the established importers.	--	--	--	Quota of 60% of half of best year's import to the established importers.	--	1. Recognised silk mills associated in O.G.L. 2. Consuming mill not members of association. 3. Textile mills make borders. 4. Handloom co-operative societies. 5. Embroidery mill hostery factor lace & braidin factories.

APPENDIX IX
[Vide paragraph 8 (f)]

* Statement showing the requirements of artificial silk yarn for the manufacture of a piece of 25 yards of different varieties of artificial silk fabrics.

Name of the fabric	Weight in lbs. of 25 yds.		
Light Satin	5 lbs.
Heavy Satin	7 lbs.
Voile	3½ lbs.
Georgette	4½ lbs.
Shioze	3 lbs.
Oriental Khakho	5 lbs. (including the weight of yarn that has to be cut out)
Jacquard Fabric	5, 7 & 9 lbs.

* Source of information: Silk and Art Silk Mills' Association Limited, Bombay.



APPENDIX X
[Vide paragraph 8(i)]

* Statement showing comparative prices of artificial silk yarn in the period July-December, 1950 and in January, 1951.

Particulars of yarn	Prices of yarn in the period July-December, 1950.	Prices of yarn in January, 1951.	Percentage increase in Prices.
150 Bright 1st Quality Hanks	51d. F.O.B. Sipra, France	69d.	35.29
150 Bright 1st Quality Cones	50d. --	71d.	20.35
100 Bright 1st Quality Cones	67d. --	79d.	17.9
75 Bright 1st Quality Hanks	75d. --	92d.	22.67
100 Bright 1st Quality Hanks	63d. --	77d.	22.22
120 Bright 1st Quality Cones	61d. --	73d.	19.65
150 Bright 1st Quality Hanks	55d. --	69d.	25.45
120 Dull 1st Quality Cones	64d. --	76d.	18.75
150 Dull 1st Quality Cones	62d. --	74d.	19.35
100 Dull 1st Quality Hanks	63d. --	80d.	21.21
120 Bright 2nd Quality Cones	52d. --	71d.	36.66
150 Dull 3rd Quality Hanks	53d. --	67d.	26.41

* Source of information: Silk and Art Silk Mills' Association Ltd., Bombay.

APPENDIX XI
[Vide paragraph 8(1)]

* Statement showing the incidence of customs duty on the original cost as a result of the Customs Authorities collecting the duty on the market value of artificial silk yarn.

Yarn imported in January, 1951	C.I.F. value of yarn (lbs)	Market value assessed by Customs (Rs.)	Actual duty charged on market value (Rs.)	Percentage duty charged
11,866	40,352	76,000	25,700	63%
12,401	42,700	78,074	27,334	64%

* Source of information: Silk and Art Silk Mills' Association Ltd.,
Bombay.



APPENDIX XII
[Vide paragraph 10(a)]

* Statement showing the representative types of arti silk fabrics manufactured in the country.

1. Taffeta.
2. Shioze: (a) Plain.
 (b) Printed.
3. Satin: (a) Light.
 (b) Medium.
 (c) Heavy.
 (d) Striped Satin.
 (e) Rainbow Satin.
 (f) Cottonback Satin.
 (g) Crepe Satin.
4. Linings: Parmata.
5. Twills.
6. Shantung.
7. Linen: (a) Plain.
 (b) Printed.
8. Flat Crepe: (a) Plain.
 (b) Printed.
 (c) Crepe-de-Chine.
9. Ninón: (a) Plain.
 (b) Printed.
10. Voile: (a) Plain.
 (b) Printed.
11. Georgette: (a) Plain.
 (b) Printed.
 (c) Crinkled Georgette.
12. Gold-Silver.
13. Jacquard Tafetta.
 " Brocade.
 " Damask.

14. Oriental Khakho.
15. Chiffon.
16. Velvet.
17. Leno.
18. Boski.
19. Coatings.
20. Spun Rayon (a) Plain.
fabrics: (b) Printed.
21. Sharkskin.

[Note: All these fabrics are also available in white, coloured and prints (including embossed, and machine printing). All these fabrics are made in different qualities, from cheap to superior qualities, and in different widths from 27" to 54"].

* Source of information:- Silk and Art Silk Mills' Association Ltd., Bombay.



APPENDIX XIII
[Vide paragraph 12(a)]

Statement showing statistics of quantity and value of imports of the different types of artificial silk fabrics.

(Source: Annual Statement of Sea-borne Trade Accounts)

(a) Quantity and value of imports of piecesgoods made entirely of artificial silk.

Origin of Import	1947-48			1948-49			1949-50			1950-51 (April-October)		
	Quantity (Kgs.)	Value (Rs.)	Quantity (Kds.)	Value (Rs.)	Quantity (Kds.)	Value (Rs.)						
1 U.K.	28,28,220	85,04,631	22,01,545	59,90,298	73,54,381	1,81,37,109	5,74,103	13,29,935				
2 W. Pakistan	10,658	33,404	26,821	1,06,538								
3 Italy	16,52,881	56,66,022	7,26,840	12,32,733	49,65,349	72,19,938	10,387	25,845				
4 U.S.A.	2,16,98,941	6,05,63,424	6,75,432	17,55,889	4,76,946	9,50,147	5,557	20,271				
5 Other countries	16,96,420	52,01,405	3,89,039	11,19,468	23,55,067	51,70,121	7,42,422	17,42,758				
TOTAL	2,78,76,820	7,59,48,866	40,19,677	1,03,64,522	1,42,50,283	3,14,77,315	13,32,469	31,16,609				

(b) Quantity and value of imports of goods of artificial silk mixed with other materials.

1 U.K.	43,171	1,82,469	80,052	2,06,661	2,86,704	8,38,756	874	2,492				
2 Other countries	3,27,923	12,81,201	32,925	1,14,866	1,55,468	4,51,774	—	—				
TOTAL	3,81,094	14,63,760	1,12,987	3,21,585	4,42,173	12,90,580	874	2,492				

(c) Quantity and value of imports of goods of artificial silk mixed with other materials containing 50 per cent. or more cotton.

*TOTAL	1,11,753	3,24,756	28,155	81,816	88,736	2,22,688	874	2,492				
--------	----------	----------	--------	--------	--------	----------	-----	-------	--	--	--	--

(d) Quantity and value of imports of artificial silk mixed with other materials containing no cotton or less than 50 per cent. cotton

*TOTAL	2,86,311	11,93,004	84,829	2,39,720	3,53,435	10,66,642	—	—				
--------	----------	-----------	--------	----------	----------	-----------	---	---	--	--	--	--

(e) Value of total imports of artificial silk.

	1944-45	1945-46	1946-47	1947-48	1948-49	1949-50	1950-51 (Apr.-Jan.)
	Value (Rs.)	Value (Rs.)	Value (Rs.)	Value (Rs.)	Value (Rs.)	Value (Rs.)	Value (Rs.)
*TOTAL	40,96,861	1,96,21,735	11,82,07,476	15,47,02,277	13,92,00,542	14,64,19,191	4,42,19,382

*Statistics of imports countrywise are not available.

APPENDIX XIV
[vide paragraph 12(a)]

Statement showing the quantity and value of imports of artificial silk yarn:

- (a) artificial silk yarn,
- (b) artificial silk yarn mixed with other textiles or staple fibre (excluding silk).

(Source: Annual Statement of Sea-borne Trade Accounts)

(a) Quantity and value of imports of artificial silk yarn.

(i) Quantity of imports of artificial silk yarn

S. No.	Origin of import	Quantity (lbs.)						
1	U.K.	9,30,339	17,05,390	16,61,409	11,04,536	41,41,143	24,50,760	21,67,061
2	W. Pakistan	—	—	—	6,250	18,505	5,581	—
3	E. Pakistan	—	—	—	—	—	—	—
4	Italy	—	—	—	33,57,942	2,31,54,383	1,49,65,865	64,10,325
5	Japan	—	—	—	—	1,06,57,121	1,61,30,073	7,81,419
6	Other countries	—	84,609	64,59,490	53,65,034	19,98,904	33,86,381	39,80,801
	TOTAL	9,30,339	17,89,999	81,20,899	98,33,762	3,99,70,056	3,69,39,060	1,33,39,606

(ii) Value of imports of artificial silk yarn

	Value (Rs.)	Value (Rs.)	Value (Rs.)	Value (Rs.)	Value (Rs.)	Value (Rs.)	Value (Rs.)
1	U.K.	27,91,383	53,56,555	49,58,432	41,96,368	1,25,25,988	65,57,991
2	W. Pakistan	—	—	—	65,000	1,25,922	75,433
3	E. Pakistan	—	—	—	—	—	—
4	Italy	—	—	—	2,12,91,376	8,24,51,719	4,52,96,874
5	Japan	—	—	—	—	2,60,68,449	2,12,89,891
6	Other countries	—	2,48,768	3,49,85,940	2,96,58,294	71,06,558	4,20,57,005
	TOTAL	27,91,383	56,05,343	3,99,45,372	5,52,11,033	12,82,78,636	26,67,316
						1,05,64,764	1,06,00,148
						10,45,62,067	4,07,84,206

(b) Quantity and value of imports of artificial silk yarn mixed with other textiles or staple fibre (excluding silk).

*TOTAL	Quantity (lbs.)	Value (Rs.)	Quantity (lbs.)	Value (Rs.)	Quantity (lbs.)	Value (Rs.)
	—	—	1,386	—	17,556	1,980
			9,567	—	78,439	6,780
					83,17,675	2,09,712

* Statistics of imports countrywise are not available.

Statement showing the import control policy in respect of different types of artificial silk fabrics (as amended from time to time)

(Source: Ministry of Commerce Import Control Public Notices)

Sl. No of I.T.C. Schedule	Period of import	Dollar Area	Hard Currency Countries	W. Germany posses- sions	Belgium & her posses- sions	Japan	Sweden	Switzerland	Sterling Countries	Soft Currency Countries	Other Currency Countries	Remarks
1	2	3	4	5	6	7	8	9	10	11	12	13
(a) Fabrics, not otherwise specified, containing more than 90% of Art Silk.												
185 Part II	Jan.-June 1949	No licences	No licences	--	--	No licences	--	--	0.G.L. XI*	0.G.L. XI*	--	*O.G.L.XI was cancelled on May, 1949.
	July-Dec. 1949	No licences	--	--	--	No licences	--	Subject to monetary ceiling and quota of 100%	--	No licences	--	
186 Part III	Jan.-June 1950	No licences	--	No licences	--	No licences	No licences	No licences	No licences	No licences	No licences	
	July-Dec. 1950	No licences	--	No licences	--	No licences	No licences	200% quota to establish- ed importers	--	No licences	No licences	
187 Part IV	Jan.-June 1951	No licences	--	--	No licences	--	No licences	--	No licences	No licences	No licences	
	July-Dec. 1951	No licences	--	--	No licences	--	No licences	--	No licences	No licences	No licences	
(b) Fabrics, not otherwise specified, containing more than 10% and not more than 90% silk.												
188 Part IV	Jan.-June 1949	No licences	No licences	--	--	No licences	--	--	0.G.L.XI*	0.G.L. XI*	--	*O.G.L.XI was cancelled on May, 1949.
	July-Dec. 1949	No licences	--	No licences	--	No licences	--	Subject to monetary ceiling and quota of 100%	--	No licences	--	
189 Part IV	Jan.-June 1950	No licences	No licences	No licences	No licences	No licences	No licences	No licences	No licences	No licences	No licences	
	July-Dec. 1950	No licences	No licences	--	--	No licences	No licences	200% quota basis	--	No licences	No licences	
190 Part V	Jan.-June 1951	No licences	No licences	--	--	No licences	No licences	No licences	--	No licences	No licences	
	July-Dec. 1951	No licences	No licences	--	--	No licences	No licences	No licences	--	No licences	No licences	

	1	2	3	4	.5	6	7	8	9	10	11	12	13
30 art IV	Jan.-June 1949	No licences	No licences	--	--	No licences	--	--	0.G.L.XI*	0.G.L.XI*	--	*0.G.L.XI was cancelled on May, 1949.	
July-Dec. 1949	No licences	--	No licences	--	No licences	--	Subject to monetary ceiling and quota of 100%	--	No licences	--			
Jan.-June 1950	No licences	No licences	No licences	No licences	No licences	No licences	No licences	--	No licences	No licences			
July-Dec. 1950	No licences	--	No licences	No licences	No licences	No licences	No licences	200% basis	No licences	No licences			
Jan.-June 1951	No licences	No licences	No licences	No licences	No licences	No licences	No licences	--	No licences	No licences			
(d) Fabrics, not otherwise specified, containing not more than 10% silk, but more than 10% and not more than 90% artificial silk.	than 50% and not more than 90% cotton.												
193 Part IV	Jan.-June 1949	No licences	--	--	--	0.G.L.XIII	0.G.L.XII	0.G.L.XI*	0.G.L.XI*	--	0.G.L.XI was cancelled on May, 1949.		
July-Dec. 1949	No licences	No licences	--	--	--	Subject to monetary ceiling and quota of 120%	--	No licences	--				
Jan.-June 1950	No licences	No licences	No licences	No licences	No licences	No licences	No licences	200% quota basis	No licences	No licences			
July-Dec. 1950	No licences	--	No licences	No licences	No licences	No licences	No licences	--	No licences	No licences			
Jan.-June 1951	No licences	No licences	--	--	No licences	--	--	--	No licences	No licences			

APPENDIX XVI
 [Vide paragraph 13(a)]

Statement showing the quantity and value of artificial silk piecegoods exported to the different countries

(Source: Annual Statement of Sea-borne Trade Accounts)

Country of destination of exports	1947-48		1948-49		1949-50		(Ap- Qty. (Yds.) Value (Rs.) Qty. (Yds.) Value (Rs.) Qty. (Yds.) Value (Rs.) Qty. (Yds)
	Qty. (Yds.)	Value (Rs.)	Qty. (Yds.)	Value (Rs.)	Qty. (Yds.)	Value (Rs.)	
Western Pakistan	19,56,656	37,19,622	2,77,44,627	5,09,03,707	27,46,701	34,82,762	6,30,4
Eastern Pakistan	—	—	6,02,160	7,41,473	1,40,334	2,00,022	15,9
Ceylon			Not recorded separately				7,16,1
Anglo-Egyptian Sudan			-do-				1,56,1
Other countries	17,862	39,151	1,33,210	2,66,457	92,91,974	1,11,23,281	18,19,0
TOTAL	19,74,518	37,58,773	2,84,79,997	5,19,11,637	1,21,79,009	1,48,06,065	33,37,7



सत्यमेव जयते

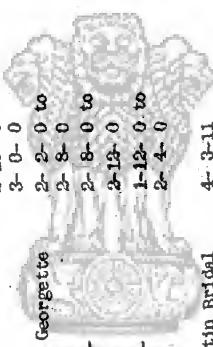
APPENDIX XVI

[*Vide paragraph 15(a)*]

Statement showing the breakdown of landed costs into c.i.f. prices, customs duty and clearing charges and selling prices per yard of different types of artificial silk fabrics.

Source of information	Origin of import	Date of import	Type and specification	C.i.f. per yard Rs. As. Ps.	Customs duty Rs. As. Ps.	Clearing charges Rs. As. Ps.	Landed cost Rs. As. Ps.	Selling price Rs. As. Ps.	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1. Rallis India Ltd., Bombay	U.K. Switzerland	4-3-1949 1-7-1949	36" Rayon Satin 35/36" -do-	1-15- 5 1-11-10	0-14- 1 0- 0- 1	2-13- 7 3- 0- 9	3- 3- 3 3- 5- 6	Ex-Godown	
2. Collector of customs, Bombay	Switzerland U.K., U.S.A. and Italy	Jan.-Dec., 1949	36" Satin -do- -do-	2-12- 0 2- 4- 0 2- 8- 0					
	Italy		28" Shioze	1- 6- 0 1-12- 0					
	China	-do-	-do-		1-14- 0 2- 3- 0	to			
	Switzerland	-do-	43-45" Georgette		2- 0- 0 2- 8- 0	to			
	Italy	-do-	-do-		1-14- 0 2- 0- 0	to			
	France	-do-	-do-		2- 0- 0 2-10- 0	to			
	U.S.A.	-do-	45" Nion		1-12- 0 2- 0- 0	to			

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Switzerland	Jan.-Dec., 1950	36" Satin		2- 8- 0 to					
Italy	-do-	-do-	-do-	3- 0- 0					
U.K.	-do-	-do-	-do-	1-10- 0 to					
Switzerland	-do-	43/45" Georgette		3- 0- 0					
U.K.	-do-	-do-	-do-	2-10- 0 to					
U.K.	-do-	-do-	-do-	3- 0- 0					
Italy	-do-	-do-	-do-	2- 2- 0 to					
				2- 3- 0					
				2- 8- 0 to					
				2-12- 0					
				1-12- 0 to					
				2- 4- 0					
3 Collector of Customs, Madras	21-5-1949 10-9-1949 19-9-1949	32" Satin Bridal Georgette 44" Niron		4- 3-11 2- 0- 0 3- 3- 0					
4. Collector of Customs, Calcutta	July, 1950 Dec., 1950	Plain art silk fabrics		1-13- 3 1-14- 0					



APPENDIX XIVII

[Vide paragraph 16]

Statement showing future costs of production and fair selling prices per yard of artificial silk fabrics from 1st January 1951.

Name of Mill	Bipin Silk Mills Co., Limited	Jasmine Mills Limited	Cadell Weaving Mills Co., Ltd.
Description of fabric	Georgette 44" Ninon (Volley) 44" Satin (Light) 26"	Satin (Cotton back) Gold Silver 32" 26"	Satin (Cotton back) Jacquard 33" Jacquard 33" pyes 33"
Weight per yard net in lbs. 1	0.161 0.121 0.162 2 3 4	0.165 0.221 6 7	0.123 0.262 9 8
Rs.	Rs.	Rs.	Rs.
1. Yarn cost inclusive of wages.	1.334 1.093 1.130 0.968	1.540 0.793 0.966	1.864 2.209 1.429
2. Manufacturing charges	0.813 0.703 0.426 0.481	0.653 0.587 0.631	1.114 0.965
3. Interest on working capital.	0.021 0.018 0.016 0.015	0.022 0.014 0.016	0.027 0.033
4. Cost of production.	2.168 1.814 1.572 1.465	2.215 1.384 1.613	2.770 3.856
5. Return on fixed capital.	0.024 0.020 0.013 0.016	0.022 0.019 0.019	0.127 0.082
6. Fair selling price.	2.192 1.834 1.585 1.481	2.237 1.483 1.712	3.428 2.494
7. Loss on fents.	0.066 0.055 0.048 0.044	0.067 0.044 0.051	0.103 0.075
8. Fair selling price for first quality, or Rs. 2.4-2	2.258 1.889 1.633 1.525	2.304 1.527 1.763	3.641 2.569
9. Actuals calculated during January-June 1950.	2.05 1-10-8 1-5-8 1-2-9	1-15-1 1-5-8 1-8-5 1-12-2	3-3-0 3-13-0 3-8-8 2-15-9 3-1-11 3-3-1
10. Average selling price realised during January-June 1950.	1-14-3 1-4-4 1-4-11 1-10-8 1-5-8 1-2-9	2-2-1 1-3-0 1-8-0 1-9-0 2-13-0	2-0-0 2-11-2 2-12-9 2-7-0 2-6-0 2-4-0